

GAO

United States General Accounting Office

Report to the Chairman, Committee on  
Government Operations, House of  
Representatives

August 1992

ARLINGTON  
NATIONAL  
CEMETERY

Improvements to the  
Superintendent's Lodge



147298

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**Resources, Community, and  
Economic Development Division**

B-248707

August 13, 1992

The Honorable John Conyers, Jr.  
Chairman, Committee on Government  
Operations  
House of Representatives

Dear Mr. Chairman:

Concerned about allegations of fraud, waste, and abuse in the operations of Arlington National Cemetery (ANC), you asked us to review (1) cemetery expenditures associated with the relocation of a new superintendent, (2) the renovation of the lodge at the cemetery where the superintendent lives, and (3) the appropriateness of the rental payments the superintendent is making. This report discusses the results of our review of these matters, as well as reviews of these matters by the U.S. Army Military District of Washington (MDW) and the Army's Inspector General offices. A detailed discussion of our findings regarding specific allegations about the renovation appears in appendix I.

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**Results in Brief**

While renovations to the superintendent's lodge made between January and September 1991—with the exception of the installation of two basketball poles by cemetery employees—generally appeared reasonable, the policies and procedures used in making the renovations lacked sufficient internal controls. More specifically, the policies and procedures allowed the superintendent to authorize and approve substantial work to the lodge, which serves as his private residence.

Expenditures associated with the relocation of the new superintendent were authorized and paid in accordance with applicable rules and regulations.

MDW has acknowledged the potential for abuse inherent in the procedures governing expenditures associated with the superintendent's lodge and has advised us that it is developing policies and procedures for repairs and renovations to the lodge that will limit the authority of the superintendent to approve expenditures for the lodge. Also, MDW, at the direction of the Assistant Secretary of the Army for Civil Works (ASA/CW), is reassessing the amount that the superintendent will be required to pay for rent, utilities, and other services.

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## Background

The ASA/CW oversees ANC's budget. The Commander, MDW, under the direction of ASA/CW, administers, operates, and maintains ANC. Under the Commander's supervision, the ANC superintendent takes care of the day-to-day operation, maintenance, and administration of the cemetery. The superintendent is required to live in the lodge, which was built in 1932 and is located on the cemetery grounds.

The hiring of the new superintendent involved relocating him and his family and resulted in certain government expenditures. The new superintendent reported for duty in January 1991, but his family delayed their relocation until the end of the 1990-91 school year. This delay provided the superintendent the opportunity to make repairs and improvements to the lodge that were recommended to him by ANC's Facilities Maintenance Division Chief, and he directed that the work be done. His predecessor had lived in the lodge for about 18 years before retiring in December 1990.

In March 1991, anonymous allegations of improprieties at ANC were made to the Department of Defense Hotline and to a newspaper columnist, and, on October 30 and 31, 1991, a Washington, D.C., television station broadcast stories about these and additional alleged improprieties. The allegations concerned costs for relocating the new ANC superintendent and for renovating the superintendent's lodge. The allegations claimed that the superintendent approved the 90-day extension of his own temporary quarters authorization and ordered unnecessary or unreasonable improvements to the lodge, including central air conditioning; a lighted basketball court; a liquor cabinet and wet bar; heating for the garage; and wallpaper costing \$8,000, as well as gold bathroom fixtures and a \$9,000 electric gate.

In response to the allegations received in March, the MDW Inspector General conducted an investigation and concluded that the allegations of impropriety were unfounded. Following the television broadcasts of the alleged improprieties, the Department of the Army's Inspector General conducted its own investigation. The Army's Inspector General concluded that the alleged improprieties were unfounded and that the renovations made to the lodge were reasonable. However, concerning an allegation that cemetery employees installed two basketball goals, the MDW Inspector General and other MDW offices' determinations resulted in the superintendent's reimbursing the Facilities Maintenance Division Chief for the cost of the poles and cement that the Chief volunteered and the federal government for the cost of the cemetery employees' time.

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## Superintendent's Relocation Expenses

Hiring the new superintendent involved (1) relocating his family and household goods from Norristown, Pennsylvania, to Arlington, Virginia; (2) selling his house in Norristown; and (3) providing temporary quarters for the superintendent while the lodge was being renovated. The government's cost for this relocation totaled about \$49,000. Government expenditures for the superintendent's relocation included moving and temporary quarters expenses that were reimbursed to the superintendent and approximately \$38,000 paid to a contractor for the guaranteed sale of the superintendent's house.

We reviewed applicable regulations, authorizing and approval documents, and related correspondence and found that these expenditures were allowable under applicable laws and regulations and that appropriate Army officials authorized and approved the reimbursements.

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## Renovations to the Lodge

The former superintendent had proposed some renovations to the superintendent's lodge for fiscal year 1991 before his retirement. These included painting, wallpapering, and replacing drapes and carpeting. The retiring superintendent had set aside \$20,000 from ANC's budget for these improvements. In addition, installing central air conditioning was recommended to the incoming superintendent by the Chief of the Facilities Maintenance Division. The installation of central air conditioning in the lodge had been proposed for fiscal year 1987, but the superintendent at that time had decided that the then existing window air conditioning units were sufficient for his purposes.

Renovations to the lodge were made between January and September 1991 by both ANC employees and contractors. The renovations included those identified by the former superintendent, the installation of central air conditioning, and modifications to a bathroom on the lodge's main level. In addition, during the renovation, other minor repairs and alterations were identified and made as needed by the electrician, plumber, and carpenter from the Facilities Maintenance Division. Other work performed on behalf of the superintendent included installing two basketball goals adjacent to the lodge's driveway. Approximately \$48,000 was spent to renovate the superintendent's lodge. The Department of the Army's Inspector General found that about 1,600 employee hours were spent on the renovation work.

In addition to the lodge renovations, an electronic control device was installed on the gate at the cemetery entrance that is used by the guards of

the Tomb of the Unknown Soldier. This entrance is also the primary entrance for the superintendent and his family. The relatively large iron gate is on a road that connects ANC with Fort Meyer. Because the gate is locked when the cemetery is closed to visitors, the electronic device would allow the superintendent and his family to enter and leave the cemetery after visitor hours without having to manually open and close the gate. The cost of modifying the gate to operate electronically was approximately \$4,700.

Before our review, the Army and the MDW Inspectors General found that, with the exception of the installation of two basketball goals, the renovations to the lodge were reasonable and appropriate. MDW concluded that the use of materials (poles and cement) supplied by a subordinate (the Facilities Maintenance Division Chief) and the use of cemetery employees to install the basketball goals were inappropriate and directed that the superintendent reimburse these costs. The superintendent subsequently reimbursed the Chief \$70 for the poles and cement used and the government \$104.09 for the time spent by cemetery employees to install the basketball goals.

On the basis of our review of ANC records, interviews with ANC employees, and a visual inspection of the superintendent's lodge, the renovation work appeared reasonable. We also determined, on the basis of our discussion with appropriate cemetery employees, that the approximately \$48,000 spent on the renovations did not preclude other work projects at the cemetery that these employees believed were needed. We found that during fiscal year 1991, an additional \$583,000 became available to ANC through recoveries from prior obligations. These funds were used for unplanned renovation costs, such as the installation of central air conditioning as well as several other unplanned activities and expenses at the cemetery totaling more than \$400,000. ANC had \$168,000 in unobligated funds at the end of fiscal year 1991 that were carried forward into fiscal year 1992.

Our review of policies and procedures governing ANC operations showed that the superintendent was not required to obtain approval from higher authority for the substantial renovations made to the lodge. The lack of a requirement for approval by higher authority, in our view, represents a lack of sufficient internal controls with a potential for abuse that should be addressed. This lack of controls over renovations to the superintendent's lodge may well have contributed to the allegations of impropriety. MDW is in the process of developing policies and procedures

to limit the superintendent's authority to approve expenditures for the lodge.

## Rental Payments

The ANC superintendent is required to live in the superintendent's lodge located on the cemetery grounds and to pay rent as specified by Office of Management (OMB) Circular No. A-45. According to this circular, the federal government's policy is that rental rates will

- be based upon their "reasonable value" to the employee and
- be set at levels equal to those prevailing for comparable private housing located in the same area, when practicable.

The circular also states that rents may not be set so as to provide a housing subsidy.

From the time the superintendent reported for duty on January 14, 1991, through April 24, 1991, he lived in temporary quarters while repair and renovation work was under way at the lodge. The superintendent then moved into the lodge even though this work was still in progress. According to the superintendent and the then Chief of the Facilities Maintenance Division, who was responsible for overseeing the work on the lodge, substantial renovation work was ongoing for about another 6 to 8 weeks after the superintendent moved in. The superintendent's family moved into the lodge in August 1991. At that time, the superintendent began paying the monthly rental rate of \$662. This rate is based on the amount paid by the previous superintendent in 1990 (\$630 monthly) adjusted for inflation using the 1990 Consumer Price Index as required.

Following the investigations by the MDW and the Department of the Army's Inspector General, the ASA/CW directed that the fair market rental value of the lodge be reassessed. MDW then requested the Baltimore District of the Corps of Engineers to obtain an appraisal of the lodge's rental value so that a rental rate could be established that is consistent with the requirements of OMB Circular A-45. The reasons for reassessing the rental rate were that

- the rate paid by the previous superintendent had been reduced because of factors that did not apply to the new superintendent (i.e., the former superintendent received a discount because the living space exceeded his needs) and

- the condition of the superintendent's lodge at ANC had been substantially improved.

MDW has also been examining the issue of payments by the superintendent for the cost of utilities and services provided, such as lawn care and snow removal, which Circular A-45 states renters should pay.

The Corps's appraisal of the lodge's rental value has been completed. On the basis of the appraisal, MDW is determining the rates that the superintendent will pay for rent, utilities, and other services.

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## Conclusions

The expenditures made for the relocation of the new superintendent were in accordance with established policies and regulations and were properly authorized. With the exception of the installation of the basketball goals, the work done on the lodge appeared reasonable. Also, adequate funding was available to cover the cost of the renovations.

The new superintendent had the authority to order the renovations to the lodge. However, the situation that allows the superintendent to make decisions about major repairs and renovations to the lodge represents a lack of sufficient internal controls, so there is a potential for abuse that needs to be corrected. MDW has acknowledged the potential for abuse and said that it will establish policies and procedures to limit the superintendent's authority to approve expenditures for the lodge.

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## Agency Comments

A draft of this report was provided to the Secretary of Defense for comment. The draft contained a recommendation that the Commander, MDW, implement policies and procedures that set clear limits on the nature and type of expenditures for the lodge that the ANC Superintendent will be allowed to approve on his own authority and those that will require approval by higher authority.

In commenting on our draft report for the Secretary of Defense, the Assistant Secretary of the Army for Civil Works said that the Department of Defense fully agreed with our findings and recommendation. Concerning the recommendation, the Assistant Secretary said that, pursuant to a policy letter expected to be implemented by August 1, 1992, the Commander of the Military District of Washington will require that the ANC Superintendent obtain the Commander's approval before effecting any new construction, improvements, maintenance and repair, or incidental

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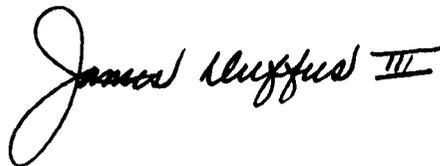
improvements in excess of \$2,000 per fiscal year for the superintendent's quarters. As a result of this action, we are not making any recommendations. The Department's comments appear in appendix II.

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Our work was performed between February and May 1992 in accordance with generally accepted government auditing standards. We reviewed and analyzed (1) rules and regulations relating to the operations of ANC, the repair and renovation of ANC buildings, including the superintendent's lodge, and reimbursement of employee relocation expenses; (2) budgeting and accounting records and expenditure documents relating to the lodge renovation and the reimbursement of the superintendent's relocation expenses; and (3) the findings of the MDW and the Department of the Army's Inspector General. We also discussed these issues with appropriate MDW and ANC officials and with ANC employees who performed the lodge repairs and renovations that were not contracted out. In addition, we inspected the superintendent's lodge to assess the merits of the allegations and the reasonableness of the repairs and renovations.

We are sending copies of this report to interested congressional committees; the Secretary of Defense; the Secretary of the Army; the Commander of the Military District of Washington; and the Director, Office of Management and Budget. Copies will be made available to others upon request. If you or your staff have any questions concerning this report, please contact me at (202) 275-7756. Major contributors to this report are listed in appendix III.

Sincerely yours,



James Duffus III  
Director, Natural Resources  
Management Issues

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## Abbreviations

ANC	Arlington National Cemetery
ASA/CW	Assistant Secretary of the Army for Civil Works
GAO	General Accounting Office
MDW	Military District of Washington
OMB	Office of Management and Budget



# Alleged Unreasonable Renovations

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The anonymous allegations made to the Department of Defense Hotline and by television news reports cited several improvements to the Arlington National Cemetery (ANC) lodge as being unnecessary or unreasonable. The allegations included the installation of central air conditioning and gold bathroom fixtures; construction of a bar, liquor cabinet, and a lighted basketball court; heating the garage; \$8,000 in wallpaper; and a \$9,000 electric gate. The details and particulars of these allegations are discussed in the following sections.

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## Central Air Conditioning

The lodge, built in 1932, has been air conditioned for more than 30 years by window air conditioning units. As many as eight window units were used to air condition the lodge's three levels. Because of the inefficiencies of operating numerous window units, central air conditioning had been recommended to the previous superintendent by the Facilities Maintenance Division Chief but had not been approved because it would have been inconvenient to do so while the lodge was occupied. The lodge did not have existing duct work, which had to be installed in each room.

The changeover in superintendents provided a good opportunity to install the central air conditioning, and the Facilities Maintenance Division Chief recommended this to the new superintendent. The new superintendent agreed and approved the installation. A contract to install central air conditioning in the lodge was competitively awarded for \$15,500 by Engineer Activity Capitol Area, which does the contracting for MDW engineer projects.

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## Gold Bathroom Fixtures

As part of the renovation, the small first-floor bathroom was expanded and renovated by knocking out the wall of an adjacent closet, and the old bathroom fixtures were replaced. Faucet and shower fixtures with a gold colored finish were installed that are approximately the same price as comparable chrome fixtures.

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## Bar and Liquor Cabinet

An already existing recessed cabinet with open shelves that the prior superintendent had used to store liquor was repaired. The work consisted of strengthening shelves, replacing a 2' x 3' piece of damaged formica, and putting doors on the front of the cabinet.

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## **Basketball Court**

Installing the basketball court involved putting a basketball goal on both sides of the existing driveway. The superintendent purchased the goals, but cemetery employees put them up using two metal poles and cement voluntarily provided by the Facilities Maintenance Division Chief. The MDW Inspector General concluded that it was improper for the superintendent to accept the poles and cement from a subordinate and to use cemetery personnel to install the basketball goals. The superintendent has since reimbursed the Facilities Maintenance Division Chief \$70 for the poles and cement and also reimbursed the government for the time spent by cemetery employees to install the poles and goals. A light was installed on the back of the lodge that illuminates the area in the rear where the garage, driveway, and basketball goals are located. The light was one of several lights originally purchased to illuminate the area around the Tomb of the Unknown Soldier but subsequently determined not to be needed.

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## **Heated Garage**

Steam radiators had been in the garage and operational for many years—nothing was done to them as part of the repair/renovation effort.

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## **Wallpaper**

Painting, wallpapering, and replacing drapes and carpets were scheduled to be done by the retiring superintendent. A private contractor wallpapered the lodge under a competitively awarded contract at a cost of \$6,701.99 for the cost of the wallpaper and its hanging. Other contracts included (1) \$5,302.40 to furnish and install approximately 200 square yards of carpeting, (2) \$1,423.10 to furnish and install approximately 38 square feet of kitchen flooring, and (3) \$2,450.00 to furnish and install drapes on one window each in the living and dining rooms, three windows in the master bedroom, and two windows in another bedroom. Cemetery maintenance employees did the painting.

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## **Electric Gate**

An electronic device was installed that enables one of ANC's gates to be opened and closed automatically by an electronic signal. The gate in question is a relatively large iron gate on the road that connects ANC and Fort Meyer. It is the gate that the Army guards for the Tomb of the Unknown Soldier use to travel between the cemetery and Fort Meyer. A guard is on duty at the gate during the day when the cemetery is open to visitors. The gate is locked when the cemetery is closed to visitors. This is also the gate used by the superintendent and his family to enter and leave the cemetery. Most of the cemetery entrances have large, heavy iron gates, and making them all eventually operate electronically is under

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**Appendix I  
Alleged Unreasonable Renovations**

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consideration. The operation of the gate connecting ANC and Fort Meyer will be monitored to assess the merits of similarly equipping other ANC gates. The cost of the electronic device and its installation was \$4,700.

# Comments From the Department of Defense



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
WASHINGTON, DC 20310-0103



REPLY TO  
ATTENTION OF

20 JUL 1992

Mr. James Duffus III  
Director, Natural Resources  
Management Issues  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Duffus:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "ARLINGTON NATIONAL CEMETERY: Improvements to the Superintendent's Lodge," dated June 25, 1992 (GAO Code 140763), OSD Case 9114. The Department fully agrees with the findings and the recommendation of the report.

Concerning the recommendation, the Commander of the Military District of Washington will require that the Arlington National Cemetery Superintendent obtain his approval prior to effecting any new construction, improvements, maintenance and repair, or incidental improvements in excess of \$2,000.00 per fiscal year for the Superintendent's quarters. The policy letter is presently being coordinated and it is anticipated that it will be implemented not later than August 1, 1992.

The DoD appreciates the opportunity to comment on the GAO draft report.

Sincerely,

Nancy P. Dorn  
Assistant Secretary of the Army  
(Civil Works)

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# Major Contributors to This Report

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**Resources,  
Community, and  
Economic  
Development Division,  
Washington, D.C.**

**Paul O. Grace, Assistant Director  
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