OFFICE OF INSPECTOR GENERAL

M E M O R A N D U M

DATE: September 30, 2004

TO: Chief, Enforcement Bureau

FROM: Inspector General

SUBJECT: Audit Finding Notification - Lack of Adequate Facility Maintenance in the Anchorage Field Office

As part of the annual financial statement audit, the Office of Inspector General (OIG) staff conducted site visits at selected Federal Communications Commission field offices to observe the inventory process. These practices have provided many insights in the field operations of the agency. While on site, the auditors consider the basic operational needs and safety of the field office by touring the premises and becoming familiar with potential issues that can or do hinder the functions of that office.

In the past, issues identified during these visits have been directly related to the objectives of the financial statement audit and were brought to management's attention as part of that reporting process. However in May 2004, OIG visited the commission's Anchorage field office as part of the fiscal year 2004 financial statement audit and identified some facility maintenance issues unrelated to the objectives of the financial statement audit, yet needed to be brought to management's attention. Therefore, we are issuing this draft Audit Finding Notification Memorandum to communicate the finding and recommendations. Specifically, the Anchorage facility is showing evidence of neglect, which may put the safety of our employees at risk and discourage potential tenants. This memo includes one finding and makes three recommendations.

Objective and Scope

The objective of this memorandum is to in inform management of potential safety risks and deficiencies identified during a site visit at the Anchorage field office in May 2004. Because this finding was identified outside the scope of an audit, its development and reporting do not adhere to generally accepted government auditing standards.

Finding: *Lack of Adequate Facility Maintenance*

The Anchorage field office, which operates in a time zone four hours behind FCC's headquarters, has only two resident agents occupying a building that once operated as a 24-hour monitoring station with thirteen FCC staff. Currently, those two individuals are responsible for the inventory, and they report directly to the Western Region Office. During our inventory observation in the week of 5/17/04, the auditor observed a general lack of adequate maintenance in the office and its structure.

Most of Anchorage's office space is unoccupied and building maintenance appears to be neglected. The two-person staff has neither the spare time, nor the necessary equipment to maintain the building. Occasional maintenance is performed on a contractual basis, but only after approval by headquarters to obligate the funding, if and when it's available.

In addition, the field staff indicated that FCC would like to enter into a use-agreement with another federal or state agency for the unused office space. However, potential tenants may not be interested in occupying a building that appears to be neglected. For example, the exterior sign, *Federal Communications Commission*, needs either to be removed or repaired, since some letters were dangling and in need of paint. Furthermore, some of the garage ceiling florescent light bulbs need to be replaced, because they are burned out. The ladder that was provided for this purpose is not adequate to safely access the height of the ceiling. Without the ceiling lights, part of the financial audit inventory was conducted using a flashlight in the garage.

The office still possesses a backup power generator from the days it operated 24 hours. However, for environmental safety reasons, the agency removed the underground fuel storage container and opted not to replace it with an above ground container, leaving the backup generator unusable. According to staff, about two winters ago during a blizzard, power was lost causing approximately $5,000 of damage to the building [due to bursting pipes that froze]. Although most of that damage has been repaired, the lack of a usable backup generator may pose a risk during power outages in future storms. Again, this could be a major issue for any co-located agency.

Review of the deferred maintenance schedule indicated there was a need to bring the electricity up to code, which was discussed during the visit. This also could become a major issue with expectations of a potential tenant, and is currently an issue in trying to replace an electric water heater. This requires new wiring and a circuit breaker box which more than doubles the cost of the water heater.

Although a cleaning person comes through once a week, some of the space remains littered with miscellaneous equipment as if the staff simply vanished one day. Although the office is not open to the public, a visit by the public or a Commissioner could prove embarrassing.

Conclusion and Recommendations

With the need to bring the electricity up to code, the safety of the office space is questionable and could become a major issue should the agency enter into a use-agreement for the unused office space. In addition, a lack of backup power may pose future problems if power is lost during another blizzard. In order to provide a safe place for our employees and a safe environment for any potential tenant, we recommend that the Managing Director:

1. Bring the electricity up to code;
2. Evaluate the need for an operating generator; and
3. Consider a building maintenance contract for replacing light fixtures, painting the building exterior, and other routine building maintenance.

The agency's response, dated September 20, 2004, has been attached to this end of this file. In summary, the agency concurs with our recommendations and intends to take actions described in their response to resolve this finding.

Thank you for the courtesy and cooperation extended to our staff during our site visit. Should you or your staff have any questions, please contact Thomas Cline, Assistant Inspector General for Audit, at (202) 418-7890.

Thomas Cline for
H. Walker Feaster III

cc: Managing Director
Jerry Cowden, Audit Follow-up Designee
Regional Director, Western Region

FEDERAL COMMUNICATIONS COMMISSION
ENFORCEMENT BUREAU

Memorandum

TO: Andrew S. Fishel
Managing Director

FROM: David H. Solomon
Chief, Enforcement Bureau

SUBJECT: Draft Audit Finding Notification – Lack of Adequate Facility Maintenance in the Anchorage Field Office

DATE: September 20, 2004

This memorandum is in response to the Inspector General's Draft Audit Finding Notification on the Lack of Adequate Facility Maintenance in the Anchorage Field Office. I want to thank the Inspector General and his staff for their diligence in identifying and reporting facility maintenance issues that raise potential employee safety concerns. We appreciate the opportunity to provide comments on the draft Notification.

In the following discussion, excerpts from the OIG draft audit finding are in bold preceding our comments.

Finding: Lack of Adequate Facility Maintenance
Most of Anchorage's office space is unoccupied and building maintenance appears to be neglected. The two-person staff has neither the spare time, nor the necessary equipment to maintain the building. Occasional maintenance is performed on a contractual basis, but only after approval by headquarters to obligate the funding, if and when it's available.

This is an accurate statement.

In addition, the field staff indicated that FCC would like to enter into a use agreement with another federal agency for the unused office space.

The FCC owns buildings formerly used as monitoring stations at a number of locations in addition to the facilities in Anchorage. Most of these facilities were vacated in 1996 when the former Compliance and Information Bureau converted to a remotely controlled high frequency direction finder (HFDF) system. At several of those locations, the FCC has entered into use agreements with federal or state agencies that provide for rent-free use of our facilities. These arrangements help provide better security for our HFDF operations by keeping the building occupied. In addition, the agreements call for the tenant to provide routine maintenance of the buildings and grounds. In the case of the Alaska office, about a year ago FAA and FCC staff discussed the possibility of FAA occupying the unused office space. In return, the FCC would expect help with the routine building maintenance expenses. However, the Bureau has not had further contact from FAA on this idea.

The office still possesses a backup power generator from the days it operated 24 hours. However, for environmental safety reasons, the agency removed the underground fuel storage container and opted not to replace it with an above ground container, leaving the backup generator unusable. According to staff, about two winters ago during a blizzard, power was lost causing approximately $5,000 of damage to the building [due to bursting pipes that froze]. Although most of that damage has been repaired, the lack of a usable backup generator continues to pose a risk during power outages in future storms. Again, this could be a major issue for a potential tenant.

I disagree with the conclusion that "the lack of a usable backup generator continues to pose a risk during power outages in future storms." The blizzard in the winter of 2002 that caused power loss, frozen pipes and boiler damage at the Anchorage facility has been described as a "100 year blizzard." Similar damage was apparently caused throughout the Anchorage area by this unique storm.

We do not maintain a generator at most of our agency-owned sites. (The HFDF Center at Columbia is one exception.) The Anchorage facility is not operated 24/7 and the staff is not expected to remain in the building during power outages. Accordingly, we do not agree that employee safety is compromised by not maintaining a functioning backup generator. We note also that the Anchorage staff has marked the backup generator as surplus to Commission needs.

Review of the deferred maintenance schedule indicated there was a need to bring the electricity up to code, which was discussed during the visit. This also could become a major issue with expectations of a potential tenant, and is currently an issue in trying to replace an electric water heater. This requires new wiring and a circuit breaker box which more than doubles the cost of the water heater.

Following a November 2000 building inspection, we became aware of the need to upgrade the electrical wiring at the Anchorage facility. However, Bureau budget allocations have not been sufficient to fund this requirement. Based on our recent discussions, we are proceeding with plans to upgrade the electrical system to meet the National Electrical Code. As a first step, we have secured the services of an engineering firm to evaluate the electrical system to determine what work is required and to prepare a statement of work to be used for soliciting a contract to upgrade the wiring.

Please note, with regard to the water heater, another water heater in the other section of the Anchorage facility is operational.

Although a cleaning person comes through once a week, some of the space remains littered with miscellaneous equipment as if the staff simply vanished one day. Although the office is not open to the public, a visit by the public or a Commissioner could prove embarrassing.

We appreciate the auditor's observation. Enforcement Bureau management has instructed the Anchorage Resident Agents to dispose of the excess and surplus equipment.

Conclusion and Recommendations

With the need to bring the electricity up to code, the safety of the office space is questionable and could become a major issue should the agency rent out the unused office space. In addition, a lack of backup power may pose future problems if power is lost during another blizzard. In order to provide a safe place for our employees and a safe environment for potential renters, we recommend that the Managing Director:

1. **Bring the electricity up to code;**

I concur with Recommendation 1 and we are taking corrective action as noted above.

2. **Evaluate the need for an operating generator;**

I concur with Recommendation 2. As noted above, we have evaluated the need for an emergency generator and have determined it is not essential for our operations.

3. **Consider a building maintenance contract for replacing light fixtures, painting the building exterior, and other routine building maintenance.**

I concur with recommendation 3. We will request funds from the Managing Director to implement this Recommendation.