

# Naval Audit Service



## Audit Report



# Verification of Operational Capabilities and Internal Controls at Joint Region Marianas

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**N2011-0029**  
**27 April 2011**

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MEMORANDUM FOR COMMANDER, NAVY INSTALLATIONS COMMAND,  
COMMANDER, JOINT REGION MARIANAS

Subj: **VERIFICATION OF OPERATIONAL CAPABILITIES AND INTERNAL  
CONTROLS AT JOINT REGION MARIANAS (AUDIT REPORT  
N2011-0029)**

Ref: (a) NAVAUDSVC memo 7510/N2010-NIA-0112, dated 14 Jan 2010  
(b) SECNAV Instruction 7510.7F, "Department of the Navy Internal Audit"

1. The report provides results of the subject audit announced in reference (a). Section A of this report provides our finding and recommendations, summarized management responses, and our comments on the responses. Section B provides the status of the recommendations. The full text of management responses is included in the Appendices.
2. Actions taken by Commander, Joint Region Marianas meet the intent of Recommendation 4 and the recommendation is considered closed. Actions planned by Commander Navy Installations Command and Commander, Joint Region Marianas meet the intent of Recommendations 1-3, 5, and 7. These recommendations are considered open pending completion of the planned corrective actions, and are subject to monitoring in accordance with reference (b). Management should provide a written status report on the recommendations within 30 days after target completion dates. The Commander, Joint Region Marianas did not fully answer Recommendation 6; therefore, Recommendation 6 is considered undecided and is being resubmitted to the Commander, Joint Region Marianas for reconsideration for action. The Commander, Joint Region Marianas is required to provide comments on the undecided recommendation within 30 days; management may comment on other aspects of the report, if desired. Please provide all correspondence to the Assistant Auditor General for Installation and Environment Audits, XXXXXXXXXXXX by e-mail at XXXXXXXXXXXXXXXXXXXX, with a copy to the Director, Policy and Oversight, XXXXXXXXXXXX by e-mail at XXXXXXXXXXXXXXXXXXXX. Please submit correspondence in electronic format (Microsoft Word or Adobe Acrobat file), and ensure that it is on letterhead and includes a scanned signature.

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Subj: **VERIFICATION OF OPERATIONAL CAPABILITIES AND INTERNAL CONTROLS AT JOINT REGION MARIANAS (AUDIT REPORT N2011-0029)**

3. Any requests for this report under the Freedom of Information Act must be approved by the Auditor General of the Navy as required by reference (b). This audit report is also subject to followup in accordance with reference (b).
4. We appreciate the cooperation and courtesies extended to our auditors.



XXXXXXXXXXXXXXXXXX  
Assistant Auditor General  
Installation and Environment Audits

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## Section A:

# Finding, Recommendations, and Corrective Actions

## Finding: Effectiveness of Joint Basing Practices at Joint Region Marianas

### Synopsis

Joint Region Marianas initiated efforts to provide oversight of installation support functions and produce results consistent with the joint basing objectives; however, the ability to ensure that installation support functions are efficiently and effectively carried out is limited. This is due to: (1) a lack of guidance from higher commands regarding implementation of a joint region; (2) the region's organizational structure and delegation of authority; (3) difficulty differentiating and separating mission and installation support functions; and (4) weaknesses in establishing and implementing internal controls. As a result, the Navy cannot provide full assurance that joint basing principles and practices are being achieved at Joint Region Marianas.

### Reason for Audit

The objective of this audit was to verify that operational capabilities and internal controls over joint basing practices were effectively planned and implemented at Joint Region Marianas.

The Under Secretary of the Navy requested that the Naval Audit Service conduct an audit of Joint Region Marianas after they reached full operational capability.

### Noteworthy Accomplishments

Prior to the start of our audit, Joint Region Marianas:

- Established the Joint Region Executive Council as a means to address and resolve concerns at the lowest level possible before raising the issues to the Joint Region Partnership Council;<sup>1</sup> and

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<sup>1</sup> See Exhibit C for Joint Management Oversight Structure, which includes the Joint Region Partnership Council. The Joint Region Executive Council was added to show the hierarchy specific to Joint Region Marianas.

- Identified assessable units for the Managers' Internal Control Program and Navy's Statement of Assurance process. Joint Region Marianas also conducted internal control system tests on all identified assessable units and drafted a manager's internal control plan.

Throughout the course of our audit, Joint Region Marianas:

- Developed and finalized the Manager's Internal Control plan;
- Developed a Comprehensive Workforce Strategy Manual to provide guidelines for civilian employee actions (i.e., hiring of personnel);
- Developed business rules to address coordination and staffing of conflict resolution for installation support issues within Joint Region Marianas; and
- Instituted the "I-Tracker" system, a tracking mechanism that allows the Financial Management Regional Program Director to review and approve financial transactions at Andersen Air Force Base before the funds are approved for expenditure. According to the Regional Program Director, this system increases visibility over financial transactions and reduces the potential for violations of law and guidance.

## **Communication with Management**

Throughout the audit, we kept management and stakeholders informed of the conditions noted in this report. Specifically, we communicated our audit results to:

- Office of the Secretary of Defense - 22 October 2010 and 14 December 2010;
- Commander, Navy Installations Command - 29 October 2009, 7 January 2010, 22 April 2010, 13 October 2010, 14 December 2010, and 31 January 2011;
- Joint Region Marianas - 1 March 2010, 1 September 2010, and 14 December 2010; and
- Headquarters, Marine Corps and Marine Corps Forces, Pacific – 12 August 2010 and 14 December 2010.

## **Pertinent Guidance**

**Defense Base Closure and Realignment Commission Final Report**, 8 September 2008. In Recommendation number 146, the commission recommended realigning Andersen Air Force Base, Guam, by relocating the installation management functions to Commander,

U.S. Naval Forces, Marianas Islands, Guam.<sup>2</sup> The report states that since all installations employ military, civilian, and contractor personnel to perform common installation support functions in a similar manner, an opportunity existed to reduce duplication of efforts and generate savings for the Department of Defense (DoD).

**Government Accountability Office, “Standards for Internal Control in the Federal Government” (Government Accountability Office/AIMD-00-21.3.1),** November 1999. This document provides the general standards, concepts, and definitions of internal controls for the Federal Government and its agencies. It sets the overall framework for establishing and maintaining internal control and for identifying and addressing major performance and management challenges and areas at greatest risk for fraud, waste, abuse, and mismanagement. The guidance outlines five standards for implementing internal controls in the Federal Government: (a) Control Environment; (b) Risk Assessment; (c) Control Activities; (d) Information and Communications; and (e) Monitoring.

**Department of Defense Initial Guidance for Base Closure and Realignment 2005 Joint Basing Implementation,** 22 January 2008. The document provides guidance for fully implementing the 2005 Base Closure and Realignment Commission, joint basing decisions (Recommendation 146). It also establishes a comprehensive framework for joint basing implementation to capture and continue the most practical savings for DoD through the consolidation of installation support functions while meeting mission requirements.

**Secretary of the Navy Instruction 5200.35E, “Department of the Navy (DON) Managers’ Internal Control Program,”** 8 November 2006. This instruction includes objectives and responsibilities for assessable units within DON. Specifically, this policy states that all organizations must implement a system of internal controls to provide assurance that the objectives outlined in this guidance are met. The guidance requires that commands establish Manager’s Internal Control programs to evaluate and report on the effectiveness of internal controls throughout their organizations and make corrections when necessary. The instruction states that Navy programs shall encompass the Government Accountability Office’s five standards for internal controls.

**Joint Region Marianas Memorandum of Agreement,** 23 January 2009. The purpose of this memorandum of agreement is to define the installation support relationship between the supporting Component, (United States Navy), and the supported Component, (United States Air Force), for fully implementing Base Closure and Realignment 2005 Joint Base decisions at Joint Region Marianas.

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<sup>2</sup> Joint Region Marianas was established as a successor to Navy Region Marianas in response to the Base Realignment and Closure Act.

## Audit Results

The 2005 Defense Base Closure and Realignment Commission identified the joint basing concept as an opportunity to reduce duplication of efforts and achieve greater efficiencies through economies of scale, ultimately resulting in long-term savings within DoD. To achieve the joint basing goals, the Office of the Secretary of Defense identified 49<sup>3</sup> installation support functions that could be consolidated to take full advantage of efficiencies available. At Joint Region Marianas, approximately 328 Air Force civilian employees transferred to Navy to execute these installation support functions at Andersen.

We found that Joint Region Marianas has taken steps to implement the joint basing concept and has adopted a role of providing policy and oversight of installation support functions. However, we identified areas of concern relating to: guidance from higher echelon commands, the region's organizational structure, delegation of authority, installation support functions and missions being separate and different, and internal controls implementation.

### Factors Affecting Operations at Joint Region Marianas

#### Guidance for Joint Regions

Since the Navy is the lead Component at Joint Region Marianas, the region is currently operating as a Navy region. In fact, Commander, Navy Installations Command identified Joint Region Marianas as one of the 11 Navy regions. Although Commander, Navy Installations Command is accustomed to a regionalized concept, according to Joint Region Marianas personnel, the level of effort required to carry out operations at Joint Region Marianas is much higher when compared to other Navy regions. Additionally, the transition into the Commander, Navy Installations Command regional model has presented challenges at Joint Region Marianas primarily because the two Services involved, have different cultures and organizational structures. Furthermore, Joint Region Marianas is the only joint region resulting from the 2005 joint basing recommendation, thus there is no benchmark for implementation or operational purposes.

The Deputy Secretary of Defense developed the joint basing implementation guidance to make sure that DoD Components begin joint basing implementation under a common framework. The Deputy Secretary of Defense's goal was to ensure that the 2005 Defense Base Closure and Realignment Commission's recommendation was implemented to achieve long-term savings through consolidation and the use of best business practices. While the implementation plan provides overarching guidance for joint basing

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<sup>3</sup> At Joint Region Marianas, airfield operations are performed under the direction of the Air Force Wing Commander. Thus the Supporting Component is responsible for delivering 48 installation support functions at Joint Region Marianas.

implementation, it does not identify specific areas where there may be differences in implementing and operating a joint region instead of a joint base. As a result, Joint Region Marianas personnel were required to interpret and apply guidance designed for joint bases to the joint region. The implementation plan is general in nature and allows flexibility in joint basing implementation. As a result, Office of the Secretary of Defense stated that Joint Region Marianas could capture specifics regarding operating the joint region in local instructions or publications. Since Office of the Secretary of Defense has allowed for local instructions to be used in addition to the implementation plan, in our opinion, Commander, Navy Installations Command should develop clarifying guidance for operations at Joint Region Marianas since there is no benchmark for the joint region.

## Organizational Structure

The organizational structure at Joint Region Marianas differs from that of other joint bases (see Exhibit B). At a joint base, two installations are consolidated into one with a Joint Base Commander and a Deputy Joint Base Commander. At Joint Region Marianas, rather than consolidating, Andersen was integrated into the region as a stand-alone installation. This construct allowed Andersen and Naval Base Guam to operate as separate installations within the joint region, with a Base Commanding Officer at each installation. Thus, Joint Region Marianas' structure includes a Joint Regional Commander, a Deputy Joint Regional Commander, Regional Program Directors, Installation Program Directors, and two Base Commanding Officers. Our audit revealed areas of concerns related to the organizational structure that could potentially impact operations and productivity at Joint Region Marianas.

### *Deputy Joint Region Commander Billet*

According to the joint basing implementation guidance, the Deputy Joint Region Commander position should be filled by military personnel from the supported Component. The implementation plan also states that the position should be identified and defined in the memorandum of agreement as a Joint Base Integrated billet.<sup>4</sup> At Joint Region Marianas, the Deputy position is triple-hatted; the Deputy also serves as the 36<sup>th</sup> Wing Commander of the Air Force and the Base Commanding Officer at Andersen. According to the military personnel supplemental guidance, the memorandum of agreement should include the duty description of all joint base integrated billets, which would include the Deputy at Joint Region Marianas.

The roles and responsibilities of the Deputy position are unclear at Joint Region Marianas, even though it is stated in the guidance (and other Navy-led joint bases, such as Joint Base Pearl Harbor-Hickam and Joint Base Anacostia-Bolling) to clearly delineate the roles and responsibilities of the Deputy Joint Base Commander in their

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<sup>4</sup> Defined in the joint basing implementation guidance as "supported Component military members that are detailed into installation support billets in the joint base organization." Joint base integrated billets report administratively and operationally to the supporting Component.

memorandums of agreement. The Joint Region Marianas memorandum of agreement does not outline the roles and responsibilities of the Deputy. In our opinion, defining roles and responsibilities of the Deputy in the memorandum of agreement is critical to decrease the potential for conflicts in priorities resulting from a triple-hatted position.

#### *Delegation of Authority and Supervisory Responsibility*

The joint basing implementation guidance assigns responsibility for the delivery of installation support functions to the supporting Component; however, the Joint Region Marianas memorandum of agreement delegates authority for installation support to the installation Base Commanding Officers. The memorandum of agreement also allows the Base Commanding Officers to retain command and control of their installation personnel, including military personnel. Although Joint Region Marianas is ultimately responsible for the management of installation support at both installations, because the memorandum of agreement re-delegates command authority to the Base Commanding Officers, Joint Region Marianas loses the ability to directly influence the Navy civilian personnel in charge of executing installation support functions at Andersen Air Force Base. The Navy does not have direct supervisory responsibilities over the Navy civilian personnel at Andersen. In most cases, Air Force military personnel are the first- and second-level supervisors to most of the Navy employees at Andersen.

The organizational chart for the joint region indicates that coordination should occur between the region- and the installation-level; however, the only direct line of authority from the base-level is through the Base Commanding Officer. As a result, there is increased potential for challenges regarding communication and coordination between the Regional Program Directors and Installation Program Directors. In our opinion, the lack of supervisory responsibility at the region-level reduces Joint Region Marianas' oversight and influence over the Navy civilians at Andersen, thus hindering Joint Region Marianas' ability to provide full assurance that installation support functions are appropriately executed or that Navy policy is followed.

At Joint Base Pearl Harbor-Hickam and Joint Base Anacostia-Bolling, the Joint Base Commander is in charge of performing and executing installation support functions, and can therefore easily influence all personnel, both civilian and military, to the extent that they perform installation support duties. Coordination between the Regional Program Directors and the Installation Program Directors is critical because the experience in executing installation support functions, according to Navy policy, lies at the region-level. Additionally, in Joint-Codes such as "Financial Management" (J8), oversight of employees' performance is critical for fiduciary liability. At Joint Region Marianas, the personnel at Andersen in the Comptroller Squadron do not have a direct reporting relationship or line of authority to the J8 Regional Program Director (Regional Comptroller). At the time of our initial site visit, the J8 Regional Program Director was not always aware of financial transactions until they were completed and executed. Thus, the J8 Regional Program Director could not provide proper fiscal oversight or hold Navy

civilian personnel at Andersen Air Force Base accountable for any violations that might occur. Joint Region Marianas officials were concerned that they might not be able to provide assurance to the Assistant Secretary of the Navy (Financial Management and Comptroller) that all management activities and operations at Andersen were being executed according to United States Code and DoD and Navy policy and guidance. Without the proper influence and visibility, the J8 Regional Program Director could be held liable for issues that arise, including Anti-Deficiency Act violations.

To enhance the level of fiduciary liability, Joint Base Anacostia-Bolling personnel involved with financial transactions report directly to the Navy Deputy Comptroller. According to the Deputy Comptroller, this reporting relationship is essential to fiduciary accountability at the base-level. Joint Region Marianas should take steps to ensure that reporting relationships within the region produces a similar level of fiduciary accountability.

In Joint Region Marianas, the current organizational structure and explicit delegation of execution authority to the Base Commanding Officers have created multiple layers of authority that make it more difficult for Joint Region Marianas personnel to provide adequate oversight of installation support functions at Andersen. With so much authority at the installation-level, and no supervisory influence at the region-level, there is a risk that Joint Region Marianas' control of installation support functions will be diminished, creating a potential for inefficiencies and decreased productivity, which contradicts the intent of joint basing.

#### *Incorporating Future Marine Corps Base Guam into the Joint Region Marianas Construct*

The United States Marine Corps' relocation to Guam from Okinawa, Japan, will alter the organizational structure of Joint Region Marianas with the establishment of Future Marine Corps Base Guam. Accordingly, revisions to the Joint Region Marianas memorandum of agreement are required to incorporate the Marine Corps into the Joint Region Marianas construct. Headquarters, Marine Corps and Marine Corps Forces, Pacific personnel have met with Joint Region Marianas management and agreed upon proposed language adjustments in the memorandum of agreement to reflect the Marine Corps participation in the joint region. Changes to the memorandum of agreement have been vetted and submitted via the Joint Management Oversight Structure for approval.

According to Commander, Navy Installations Command, the Navy envisioned the inclusion of the Marine Corps as an opportunity to gain efficiencies, including cost avoidances, within the joint region. Accordingly, Joint Region Marianas and the Marine Corps recognize the importance of cooperative planning, and therefore have drafted a Concept of Partnership designed to establish the roles, responsibilities, and guiding principles to realize efficiencies (i.e., construction, resourcing, overhead costs) when establishing the future Marine Corps base. However, an implementation plan has not been finalized to integrate the future base into Joint Region Marianas. In fact, sections of

the memorandum of agreement have not been completed because the Marine Corps requirements are not confirmed, making it more difficult to plan for anticipated efficiencies and potential economies of scale.

Marine Corps Forces, Pacific developed an information paper, dated 14 October 2010, regarding roles and responsibilities for construction of the future Marine Corps base. The paper suggests that the Marine Corps plans to execute a memorandum of understanding with Joint Region Marianas to establish the Marine Corps as the authority for requirements, land acquisition, and management of construction for the future base. Following completion of the base and range construction, Joint Region Marianas will provide installation support to the future base. In our opinion, to achieve optimal efficiency, as outlined in the joint basing implementation joint basing strategy, coordination efforts among Joint Region Marianas, Headquarters Marine Corps, and Marine Corps Forces, Pacific should occur prior to finalizing infrastructure plans, versus upon completion of the future base. This will allow Joint Region Marianas to take advantage of opportunities to use existing resources, including personnel, land, and infrastructure, to efficiently and effectively incorporate the future base into the joint region construct.

### **Distinguishing and Separating Mission and Installation Support Functions at Andersen Air Force Base**

Joint Region Marianas and Andersen have experienced difficulties distinguishing and separating mission and installation support functions. Prior to regionalization, Air Force civilian personnel operated under the Air Force organizational structure, in which both mission and installation support functions were executed through the squadrons. Conversely, Navy distinguishes installation support functions from mission by using specialized support services, such as the Naval Facilities Engineering Command and Fleet and Industrial Supply Centers, among others. This difference in Service culture has resulted in misunderstandings among Joint Region Marianas and Air Force personnel regarding the performance of installation support and mission functions. The joint basing implementation states that the supporting Component, in this case Navy, is responsible for the delivery of installation support functions. Accordingly, Joint Region Marianas personnel believe Navy civilians at Andersen should only perform tasks related to installation support functions, and not functions that are directly associated with mission requirements. Air Force personnel, however, believe Navy should support the Air Force mission by performing all installation support functions, including those that directly support mission requirements.

For example, according to the Air Force, misunderstandings occurred between the region and contracting squadron regarding the extent to which Navy civilian personnel should provide contracting services to Andersen. The Navy believed that all transferred employees should only perform installation support functions. Air Force personnel stated

that the Navy is not providing contracting services for Andersen mission-related contracts; they stated the Navy should provide contracting services regardless of its purpose since contracting is an installation support function (and therefore Navy's mission). In terms of procurement, the joint basing implementation guidance states that contracting by function should include all contracts "for and in direct support of installations." The Office of the Secretary of Defense recognized that there were misunderstandings across the joint bases pertaining to the extent of carrying out certain installation support functions. As a result, to clarify the procurement definition in the implementation plan, Office of the Secretary of Defense issued guidance explaining the intent of the terms, "for and in direct support of installations." According to the Office of the Secretary of Defense, the guidance should resolve any concerns at Joint Region Marianas regarding the extent of delivering contracting services to the supported Component.

The difference in interpretation has led to difficulty in the region, and certain Air Force squadrons, when determining which tasks Navy civilian employees should be performing. Additionally, when Air Force civilians transferred to the Navy, squadrons, including Contracting and Civil Engineering, had limited personnel to perform functions considered "mission-related." During our initial site visit, the Base Commanding Officer of Andersen and squadron commanders stated that the Navy civilians performed the mission functions to ensure that the Air Force mission was not negatively impacted. Coordination among the Office of the Secretary of Defense, Navy, and Andersen is vital to clarify the extent to which installation support should be carried out by Joint Region Marianas, and to ensure that the mission of Andersen is not negatively impacted by the transfer of the civilian employees to the Navy. Having a clear understanding of the difference between the mission and installation support functions would allow Joint Region Marianas to deliver more effective installation support services to Andersen.

### Internal Controls at Joint Region Marianas

Management internal controls are essential to effective operations and achieving desired objectives in any organization. In an effort to implement an effective Manager's Internal Control Program, Joint Region Marianas identified a Manager's Internal Control Coordinator responsible for overseeing the Manager's Internal Control Program. Upon arrival to Joint Region Marianas in July 2009, the Manager's Internal Control Coordinator conducted an internal control system's review that revealed that there was an overall lack of understanding of the Manager's Internal Control Program at Joint Region Marianas. The Coordinator stated that since the review, Joint Region Marianas is more focused on the importance of an effective Manager's Internal Control Program. At the start of our audit, a Manager's Internal Control plan had not been developed for the region. However, during the course of our audit, Joint Region Marianas finalized a Manager's Internal Control plan incorporating the Government Accountability Office's five standards of internal controls. While the action has already been taken, we are

making a recommendation in order to formalize its inclusion in our system for tracking corrective actions. Although positive efforts are underway regarding the Manager's Internal Control Program, the roles, responsibilities, processes, procedures, and reporting relationships have not been clearly defined at Joint Region Marianas.

#### *Roles and Responsibilities*

Joint Region Marianas has not identified clear roles and responsibilities of key players in the region beginning with the Deputy Joint Region Commander down to the Installation Program Directors at the base-level. As mentioned in the "Organizational Structure" section, the roles and responsibilities of the Deputy are not as clearly defined in the Joint Region Marianas memorandum of agreement as they are at other Navy-led joint bases. Additionally, responsibilities of the Base Commanding Officers, Regional Program Directors, and Installation Program Directors are not delineated. In our opinion, clearly defined roles inform personnel of their responsibilities and authority for policy, decisionmaking, execution, and oversight, and ensure that tasks are effectively carried out to meet joint basing goals.

#### *Processes and Procedures for Operations*

During our initial site visit, Joint Region Marianas had not developed clear procedures for administrative actions such as the hiring, firing, and disciplining of Navy civilian employees who perform installation support functions at Andersen Air Force Base. However, Joint Region Marianas personnel acknowledged that developing business rules to specify authority for such administrative actions was critical because the employees often have Air Force personnel as first- and second-level supervisors. During our audit, Joint Region Marianas developed policies to address hiring and conflict resolution between the supporting and the supported Components.

In addition to processes and procedures for administrative actions, Joint Region Marianas had not established processes and procedures, or requirements, for coordination among the Base Commanding Officers, Regional Program Directors, and Installation Program Directors. As discussed previously, Base Commanding Officers have execution authority over installation support functions and Regional Program Directors have oversight responsibilities. However, there are no standard processes and procedures in place at the region-level to ensure continuity of operations when military personnel at the installations rotate. Such processes are important because Air Force military personnel are generally trained on Air Force policies, procedures, and systems. When they transfer to Joint Region Marianas, they are required to execute installation support functions following Navy policies, procedures, and systems. Standard operating procedures would help ensure that Joint Region Marianas' policies are carried out and that military personnel have clear directions to allow them to execute installation support functions efficiently and effectively.

Procedures requiring coordination between Joint Region Marianas and the supported installations are also essential to effective operations within the region. If coordination does not occur, there is a potential that Joint Region Marianas will not be aware of transactions or challenges that may occur at the installation-level. For example, when preparing the President's Budget-14, Andersen submitted adjustments through the Pacific Air Forces Command instead of Joint Region Marianas. Pacific Air Forces Command then forwarded the information directly to Commander, Navy Installations Command, and Commander, Navy Installations Command assumed that the adjustments had been reviewed and approved by Joint Region Marianas officials. As a result, the submission was processed and Joint Region Marianas did not have an opportunity to review the adjustments. Because coordination between Joint Region Marianas and Andersen did not occur initially, the Navy was responsible for additional expenses. To avoid similar scenarios, Joint Region Marianas should establish controls such as processes, procedures, and requirements for coordination to ensure that Regional Program Directors have visibility and oversight of installation support functions at the installation-levels.

### Impact on Achieving Joint Basing Goals

Personnel at Joint Region Marianas and Andersen Air Force Base indicated that the current Joint Region Marianas construct has identified limited efficiencies since Full Operational Capability.<sup>5</sup> A number of factors – the unique organizational structure, explicit delegation of command authority to the Base Commanding Officers; difficulty in distinguishing and separating mission and installation support functions; and weaknesses in comprehensive internal controls – have made it difficult for Joint Region Marianas personnel to provide adequate oversight of installation support functions and generate efficiencies within the region. Additionally, the lack of guidance from higher echelons regarding the implementation of a joint region, and the difficulty in interpreting joint base criteria and applying it to a joint region, has created challenges during the implementation process and operations within the region. In our opinion, in an effort to produce optimal efficiencies and cost savings, as intended by the Base Closure and Realignment recommendation, stakeholders should coordinate to evaluate whether Joint Region Marianas is accomplishing the goals and intent of joint basing, and determine if the current joint region construct is the most effective and efficient joint basing option.<sup>6</sup>

## Recommendations and Corrective Actions

Commander, Navy Installations Command responded to Recommendations 1-3, and Commander, Joint Region Marianas responded to Recommendations 4-7. Both commands concurred with their recommendations; however, Recommendation 6 is undecided. We included the management responses verbatim for each recommendation

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<sup>5</sup> Efficiencies identified have been mostly associated with contracting.

<sup>6</sup> Other alternatives may include, but are not limited to, an "Air Base Wing Concept," which separates the mission and installation support functions at the base-level, or a standard joint base construct for all of Guam.

and then summarized them, with our comments. The full text of the management responses are in the Appendices.

We recommend that Commander, Navy Installations Command:

**Recommendation 1.** Coordinate with the Office of the Secretary of Defense to evaluate operations at Joint Region Marianas, and ensure the region accomplishes the goals and intent of joint basing to include determining whether the current organizational structures of the subordinate installations permit operations to be effectively and efficiently executed.

**Commander, Navy Installations Command response to Recommendation 1.** Concur. Coordination with Office of Secretary Defense to evaluate operations at Joint Region Marianas occurs annually during a joint basing Program Management Review conference. The most recent conference was held 2-3 February 2011. At that meeting it was concluded that Joint Region Marianas operations accomplish the goals and intent of joint basing and that appropriate organizational structures of subordinate installations are in place to ensure operations are effectively and efficiently executed. Commander, Navy Installations Command will continue to participate in the annual conference and reviews with Office of Secretary of Defense. Recommend this recommendation be closed.

**Naval Audit Service comment on response to Recommendation 1.** Management's planned actions meet the intent of the recommendation. Although management recommends closure, the recommendation will remain open pending receipt of documentation supporting stated actions. The official management responses did not provide target completion dates. However, in subsequent communication, management provided a target completion date of 30 March 2012, with an interim target completion date of 30 September 2011.

**Recommendation 2.** Develop and promulgate guidance clarifying instructions for operations at Joint Region Marianas to ensure the goals and intent of joint basing are achieved.

**Commander, Navy Installations Command response to Recommendation 2.** Concur. Action for this recommendation will be at Joint Region Marianas. Commander, Navy Installation Command will direct Joint Region Marianas to develop and promulgate local guidance and clarifying instructions for base operations within Joint Region Marianas to ensure the goals and intent of joint basing are achieved. Action will be completed or status will be provided to the Naval Audit Service no later than 31 May 2012.

**Naval Audit Service comment on response to Recommendation 2.**

Management's planned actions meet the intent of the recommendation. Even though Commander, Navy Installation Command delegated responsibility for accomplishing this recommendation to Joint Region Marianas, Commander, Navy Installation Command is still responsible for the completion of the recommendation including providing status updates on progress made and the completion of planned actions. The official management responses provided a target completion date of more than 1 year from the date the responses were received. In subsequent communication, management provided an interim target completion date of 30 September 2011.

**Recommendation 3.** Coordinate with Headquarters, Marine Corps and Marine Corps Forces, Pacific, prior to construction, to finalize a plan to implement Future Marine Corps Base Guam into the Joint Region Marianas construct and achieve optimal efficiencies.

**Commander, Navy Installations Command response to Recommendation 3.**

Concur. Action was completed on 9 December 2010. Commander, Navy Installations Command and Joint Region Marianas began formal coordination with Headquarters, Marine Corps and Marine Corps Forces, Pacific at a conference held in Guam from 7-9 December 2010. Coordination will continue until Marine Corps Base Guam reaches Full Operational Capability. Recommend closure of this recommendation.

**Naval Audit Service comment on response to Recommendation 3.**

Management's planned actions meet the intent of the recommendation. Although management recommends closure, the recommendation will remain open pending receipt of documentation supporting stated actions. The official management responses did not provide target completion dates. However, in subsequent communication, management provided a target completion date of 30 March 2012, with an interim target completion date of 30 September 2011.

We recommend that Commander, Joint Region Marianas:

**Recommendation 4.** Develop and promulgate a Managers' Internal Control Plan that encompasses the Government Accountability Office's five standards of internal control.

**Commander, Joint Region Marianas response to Recommendation 4.**

Concur. The Joint Region Marianas Inspectors General Office developed and promulgated the Joint Region Marianas/Base Commanding Officer Manager's Internal Control Plan, which encompasses the Government Accountability Office's five standards of internal control in July 2010, for the Fiscal Year 2011 Manager's Internal Control cycle. The Manager's Internal Control Plan was provided to the Naval

Audit Service Team conducting the Audit in September 2010. The Commander, Joint Region Marianas Fiscal Year 2012 Manager's Internal Control plan will be developed and promulgated per Government Accountability Office's five standards of internal control, Secretary of the Navy and Commander, Navy Installation Command instruction and guidance, as well as areas of improvement in the areas of process flow charting of all Assessable Units during the Fiscal Year 2012 Manager's Internal Control cycle.

**Naval Audit Service comment on response to Recommendation 4.** Actions taken by management meet the intent of the recommendation. The Joint Region Marianas' Inspector General developed the Manager's Internal Control plan on 28 September 2010, which addressed the Government Accountability Office's standards of internal controls in the Federal Government. Therefore, this recommendation is considered closed.

**Recommendation 5.** Coordinate with stakeholders and develop internal controls to clearly emphasize roles, responsibilities, reporting relationships, and coordination between the Regional Program Directors and the Installation Program Directors.

**Commander, Joint Region Marianas response to Recommendation 5.** Concur. Joint Region Marianas has continued to improve in this area. Coordination with both Andersen Air Force Base and Naval Base Guam Base Commanding Officers is an ongoing effort in order to refine Regional Program Director/Installation Program Director roles and responsibilities. However, interpretation of the memorandum of agreement often differs between Joint Region Marianas and Andersen Air Force Base, and as a result, it becomes difficult to broadly apply Commander, Navy Installations Command reporting relationships across all programs and functions.

One such example is an issue we are currently preparing for the Joint Region Partnership Council regarding properly aligning an Inspector General employee who works at Andersen Air Force Base. Joint Region Marianas has advocated to adjust the billet under Joint Region Marianas Inspector General supervision and duties performed adjusted to match Commander, Navy Installations Command/Navy policy. Andersen Air Force Base does not concur, and therefore the Joint Management Oversight Structure process is being initiated.

The existing memorandum of agreement describes roles, responsibilities, reporting relationships, and coordination between Regional Program Directors and Installation Program Directors. The issue is whether or not those roles are appropriate and/or described with adequate detail. Joint Region Marianas will focus on proposing memorandum of agreement adjustments to provide more specific guidance regarding roles and responsibilities. An example involves Installation Program Director supervision. Joint Region Marianas may propose

that the Regional Program Director be the Rating Official and Base Commanding Officer is Second Level Reviewer for Installation Support Navy civilian performance appraisals per Commander, Navy Installations Command policy. The memorandum of agreement designates Andersen Air Force Base as the Installation Program Director first and second level supervisor. Commander, Navy Installations Command policy is in conflict with the memorandum of agreement. This has been discussed locally and the supported component strongly disagrees with this change. Joint Region Marianas will continue to address issues similar to this example that require clarification.

**Naval Audit Service comment on response to Recommendation 5.**

Management's planned actions meet the intent of the recommendation. The official management responses did not provide target completion dates. However, in subsequent communication, management provided a target completion date of 31 August 2011 and provided the following information:

Regional Program Directors/Installation Program Directors' roles and responsibilities - The Target Completion Date for this recommendation is August 2011 when Joint Region Marianas plans to propose adjustments to the memorandum of agreement to provide specific guidance regarding these roles. In the time we have until the review cycle (5 months), we will continue socializing issues pertaining to roles and responsibilities with Andersen Air Force Base in order to gain concurrence or propose edits to the language. We have experienced some successes in this area. On 10 March 2011 we polled Joint-Codes/Regional Program Directors to determine who they communicated with at Andersen Air Force Base regarding a recent resource allocation drill. The results revealed there is a considerable measure of coordination between Regional Program Directors/Installation Program Directors as they each identified a contact at Andersen Air Force Base who received the data. We also held a Joint Region Executive Committee on 21 March to discuss a supervisory alignment issue in the Inspector General function. The proposal to realign a Joint Region Marianas employee under direct supervision of the Joint Region Marianas Inspectors General office vice Andersen Air Force Base was a non-concur with Andersen Air Force Base. As such, the issue will be forwarded to the Joint Region Partnership Council in the April 2011 meeting. We also have similar issues with J8 (Comptroller function) regarding supervisory alignment and J1 (Total Force Manpower) regarding consolidation of backshop functions (between Joint Region Marianas and Andersen Air Force Base) to gain efficiencies. We plan to address those issues as well as any others that occur in the memorandum of agreement review.

**Recommendation 6.** Coordinate with the Base Commanding Officer of subordinate installations to clearly distinguish mission and installation support tasks and ensure

that mission tasks are not negatively impacted by the transfer of civilian personnel to the Navy.

**Commander, Joint Region Marianas response to Recommendation 6.** Concur. Installation Support at Andersen Air Force Base is being performed per both the memorandum of agreement and Office of the Secretary of Defense guidance.

Andersen Air Force Base has undergone numerous mission inspections during this past calendar year; Operational Readiness Evaluation, Unit Compliance Inspections, and other Mission Compliance Inspections. All have received numerous accolades from Air Force inspectors and higher authority.

When Joint Region Marianas discovers individual issues, which highlight the potential for confusing mission versus installation support tasks, those issues are and will continue to be highlighted. Adjustments will occur when necessary. Joint Region Marianas has engaged in the Government Purchase Card and Procurement issue to clarify proper roles for those functions. We are awaiting Immediate Superior in Command guidance regarding the Government Purchase Card issue, and we will continue the action on both issues until completed.

Other mission and installation support tasks that require clarification will be addressed by Joint Region Marianas as they emerge.

**Naval Audit Service comment on response to Recommendation 6.**

Management's planned actions partially meet the intent of the recommendation. The supporting documentation mentions Andersen Air Force Base's ability to carry out mission related functions. However, it does not address coordination with Base Commanding Officers at Andersen Air Force Base and Naval Base Guam to clearly distinguish mission and installation support tasks. Additionally, the supporting documentation does not provide evidence of coordination to determine whether the mission related tasks were negatively impacted. Since further action is required by management, the recommendation is considered undecided to allow management time to respond to all portions of the recommendation and either provide supporting documentation to close the recommendation or a target completion date for planned actions. The recommendation will be resubmitted to management for their response within 30 days after the publication of this report.

**Recommendation 7.** Coordinate with stakeholders to revise the memorandum of agreement to ensure the roles and responsibilities of the Deputy Joint Regional Commander are clearly defined.

**Commander, Joint Region Marianas response to Recommendation 7.** Concur. The Deputy Joint Region Commander does not have specific duties detailed in the memorandum of agreement. Joint Region Marianas will propose changes to the memorandum of agreement during the next annual update cycle to describe the Deputy Joint Region Commander role.

**Naval Audit Service comment on response to Recommendation 7.** Management's planned actions meet the intent of the recommendation. The official management responses did not provide target completion dates. However, in subsequent communication, management provided a target completion date of 31 August 2011.

**Section B:**

# Status of Recommendations

Recommendations							
Finding <sup>7</sup>	Rec. No.	Page No.	Subject	Status <sup>8</sup>	Action Command	Target or Actual Completion Date	Interim Target Completion Date <sup>9</sup>
1	1	12	Coordinate with the Office of the Secretary of Defense to evaluate operations at Joint Region Marianas, and ensure the region accomplishes the goals and intent of joint basing to include determining whether the current organizational structures of the subordinate installations permit operations to be effectively and efficiently executed.	O	Commander, Navy Installations Command	3/30/12	9/30/11
1	2	12	Develop and promulgate guidance clarifying instructions for operations at Joint Region Marianas to ensure the goals and intent of joint basing are achieved.	O	Commander, Navy Installations Command	5/31/12	9/30/11
1	3	13	Coordinate with Headquarters, Marine Corps and Marine Corps Forces, Pacific, prior to construction, to finalize a plan to implement Future Marine Corps Base Guam into the Joint Region Marianas construct and achieve optimal efficiencies.	O	Commander, Navy Installations Command	3/30/12	9/30/11
1	4	13	Develop and promulgate a Managers' Internal Control Plan that encompasses the Government Accountability Office's five standards of internal control.	C	Commander, Joint Region Marianas	9/28/10	
1	5	14	Coordinate with stakeholders and develop internal controls to clearly emphasize roles, responsibilities, reporting relationships, and coordination between the Regional Program Directors and the Installation Program Directors.	O	Commander, Joint Region Marianas	8/31/11	
1	6	15	Coordinate with the Base Commanding Officer of subordinate installations to clearly distinguish mission and installation support tasks and ensure that mission tasks are not negatively impacted by the transfer of civilian personnel to the Navy.	U	Commander, Joint Region Marianas	5/27/11	

<sup>7</sup> / + = Indicates repeat finding.

<sup>8</sup> / O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress.

<sup>9</sup> If applicable.

Recommendations							
Finding <sup>7</sup>	Rec. No.	Page No.	Subject	Status <sup>8</sup>	Action Command	Target or Actual Completion Date	Interim Target Completion Date <sup>9</sup>
1	7	16	Coordinate with stakeholders to revise the memorandum of agreement to ensure the roles and responsibilities of the Deputy Joint Regional Commander are clearly defined.	O	Commander, Joint Region Marianas	8/31/11	

## Exhibit A:

# Background

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The joint basing concept stemmed from Recommendation 146 of the 2005 Defense Base Closure and Realignment Commission report. The recommendation established 12 joint service structures, including 4 in which the Navy is the lead Service. According to the report (page 229), the joint basing concept was developed because of the similar processes the Services use to perform installation support functions. The report also stated that since the installations selected to establish joint constructs share a common boundary, or are in near proximity, there is significant opportunity to reduce duplication of efforts, resulting in an overall reduction in manpower and facilities requirements. The joint region concept is based on opportunities to generate savings by eliminating unnecessary management personnel and achieving greater efficiencies through economies of scale. Savings are also expected to result from consolidating contract requirements, and establishing single space management authority, among others.

The Deputy Secretary of Defense issued the joint basing implementation guidance (including supplemental guidance) to provide a common framework for the establishment and implementation of joint basing practices across the Services. According to the joint basing implementation guidance, the purpose was to institute practices that would capture and continue the most practical savings for the Department of Defense (DoD) through the consolidation of installation support functions while meeting mission requirements. The joint basing concept strives to allow flexibility to consider best business practices and ensure that warfighting capabilities are preserved and enhanced.

The Office of the Secretary of Defense, in consultation with the Services, identified 49 installation support functions in an effort to take advantage of efficiencies available from consolidating the installations. Each joint construct consists of a supporting and supported Component, with ultimate responsibility for the delivery of the installation support functions designated for the supporting Component. In an effort to provide common performance level standards for the installation support functions DoD developed Common Output Level Standards to monitor the success of the joint bases and their ability to efficiently and effectively achieve the installation support functions. To execute the joint base concept, the Office of the Secretary of Defense uses a phased implementation process (Phases I and II), and identified two transition periods for the installations involved: Initial Operational Capability and Full Operational Capability. Initial Operational Capability is described as the beginning of the transition period, while Full Operational Capability marks the end of the transition period. At Full Operational Capability, all resources, property, personnel, and authority, including Total Obligation Authority, for installation management functions should be transferred to the supporting Component.

Realizing that the implementation process would be different at each joint base, Office of the Secretary of Defense mandated that the joint installations develop Memorandums of Agreement to define the relationships between the Components. According to the joint basing implementation guidance, the memorandum of agreement for each joint construct is required to have (1) a description of the joint base organization, and (2) an implementation plan detailing the required actions and timelines to fully establish the joint base. To resolve disputes and provide a basis for conflict resolution and resource allocation between the components at a joint base, the Deputy Secretary of Defense established the Joint Management Oversight Structure (see Exhibit C). The Joint Management Oversight Structure consists of working groups responsible for development, approval, and compliance of the joint base memorandums of agreement.

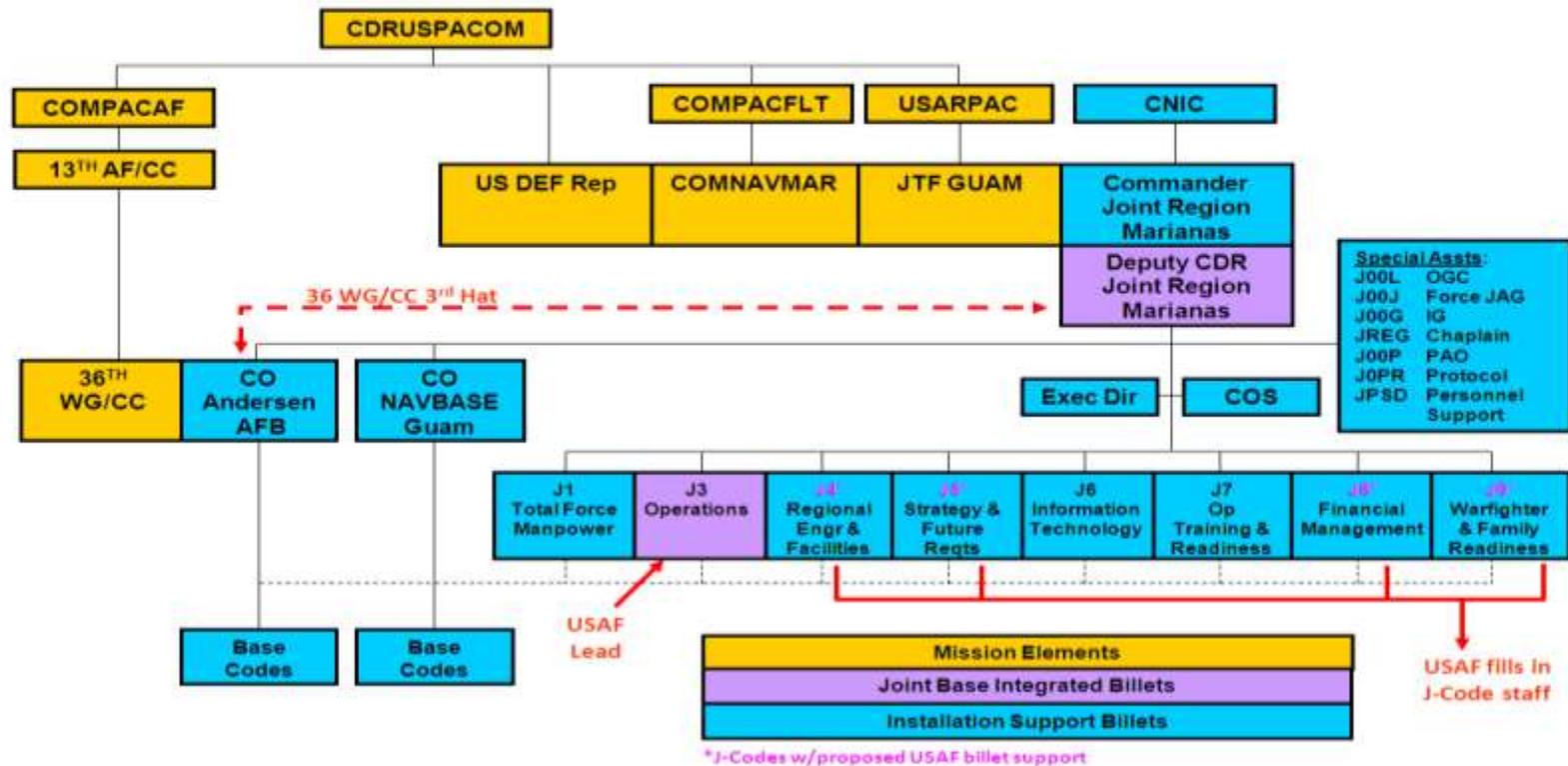
Of the 12 joint constructs established as a result of The 2005 Defense Base Closure and Realignment Commission report, Joint Region Marianas is the only joint region. The Commission's recommendation mandated that Andersen Air Force Base realign by relocating their installation management functions to Commander, U.S. Naval Forces, Marianas Islands, Guam. As a result, Joint Region Marianas was established with the United States Navy as the supporting Component and the United States Air Force as the supported Component. According to Commander, Naval Installations Command, a joint region concept was established because it was believed that combining forces at a regional-level in Guam would be more manageable than a joint base, allowing each installation to maintain their mission requirements while allowing the Navy to deliver installation support. Additionally, the fact that Andersen Air force Base and Naval Base Guam were geographically separated, played a role in the decision to establish a joint region instead of a joint base. According to the memorandum of agreement, the regional structure would also allow other installations to be easily integrated in the future.

Joint Region Marianas was a part of Office of the Secretary of Defense's Phase I implementation process and reached Initial Operational Capability on 31 January 2009, and Full Operational Capability on 1 October 2010.

**Exhibit B:**

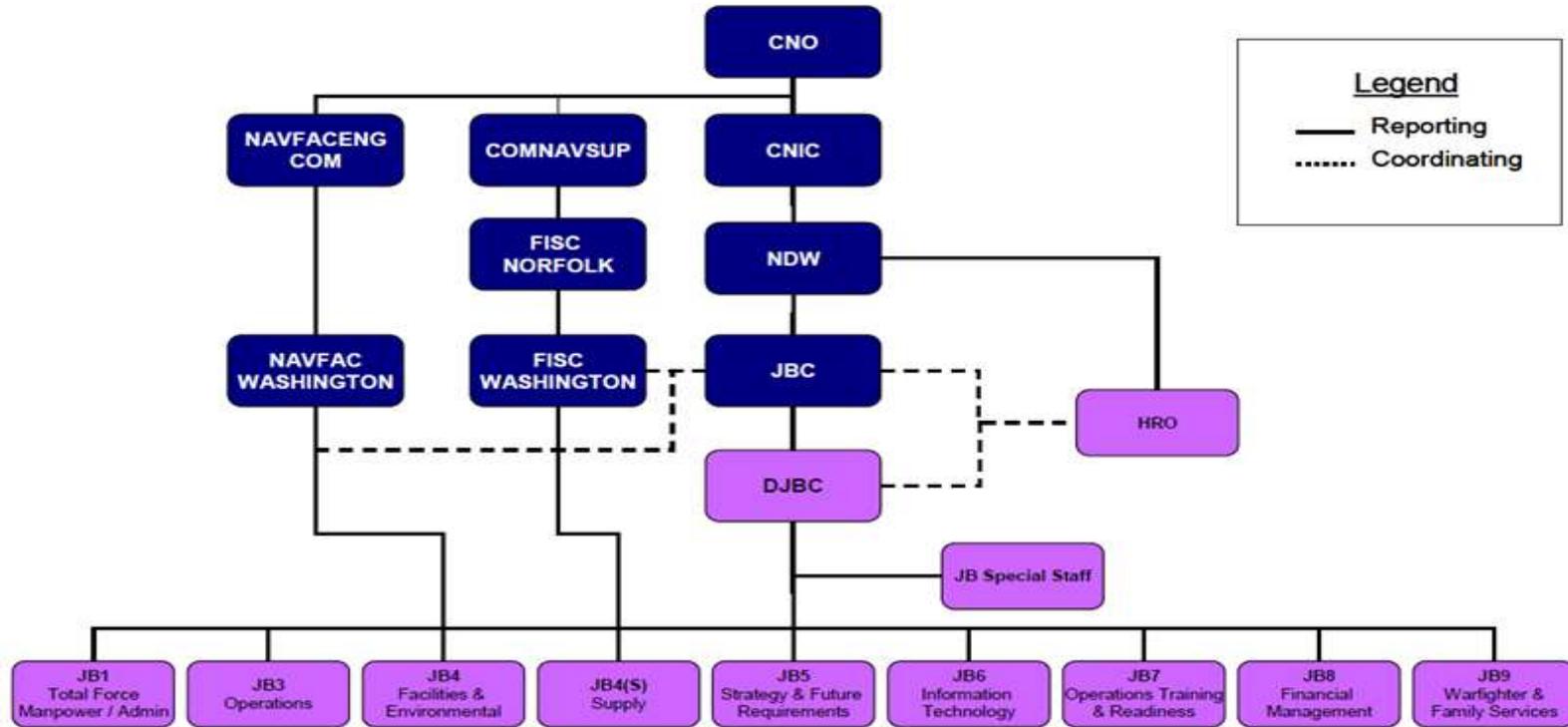
# Organizational Structures for Joint Region Marianas

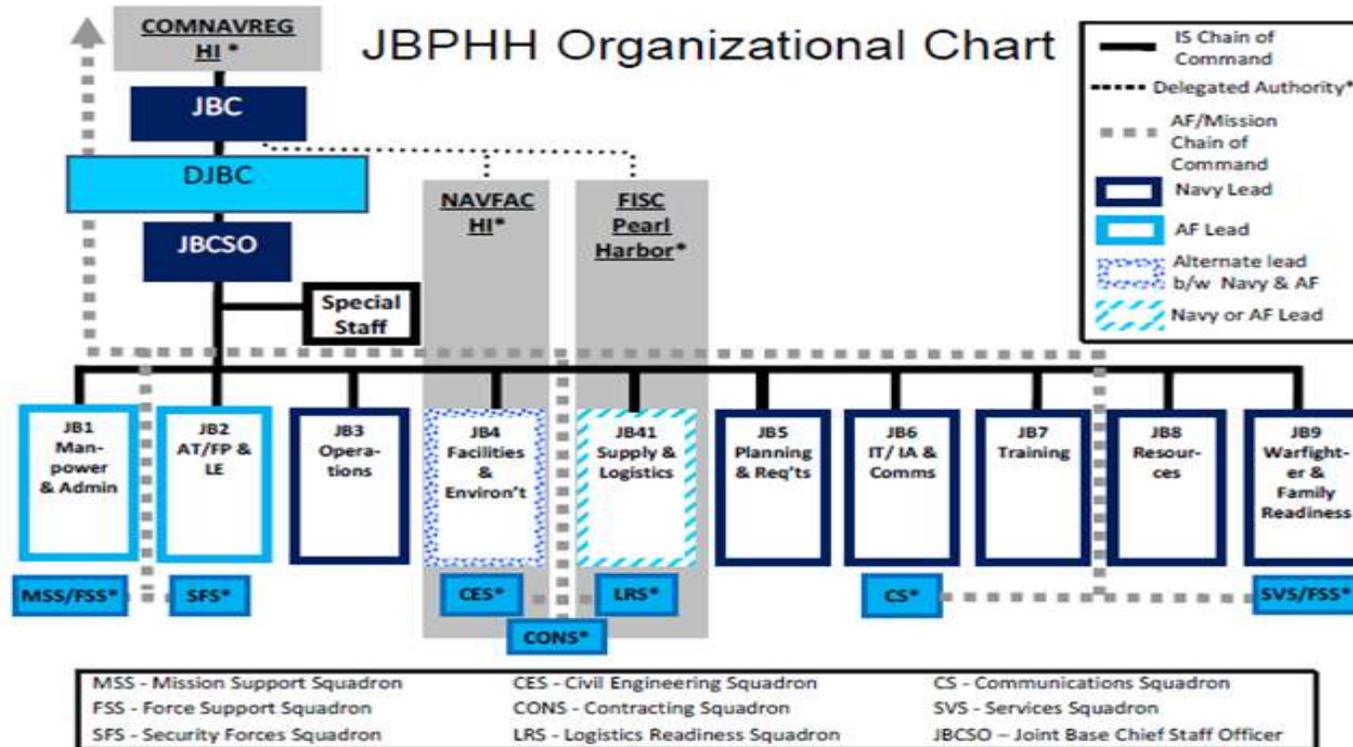
## Joint Region Marianas Structure



\*Charts provided by Commander, Naval Installations Command. For key to acronyms, please see Exhibit F.

**JOINT BASE ANACOSTIA-BOLLING ORGANIZATION STRUCTURE**

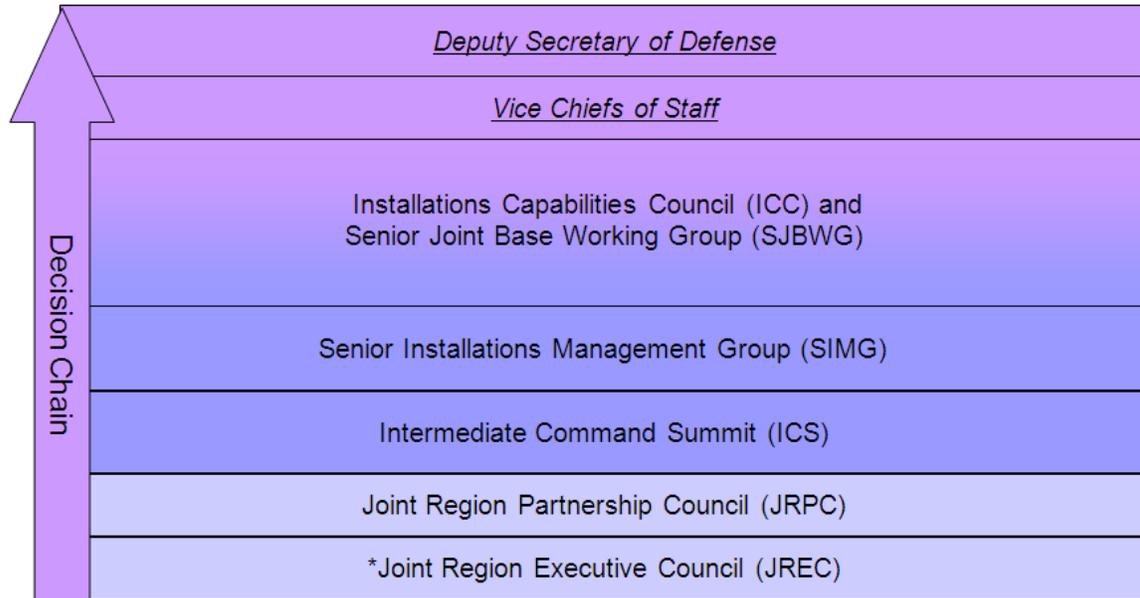




\*The appearance of USAF units/commands on this organization chart is a visual aid to indicate functionally where the USAF squadrons align relative to the JBPHH command structure for delivery of installation support. USAF units are not embedded in the JBPHH command organization. Only USAF personnel in those units assigned to JBSCFS billets will be embedded in the JBPHH organizational structure and operate under the authority, direction, and control of the JBC. See Annex A for additional information.

**Exhibit C:**

# Joint Management Oversight Structure



**ICC and SJBWG** - Chaired by the Deputy Undersecretary of Defense for Installations and Environment. The primary role is to oversee development and implementation of Department of Defense (DoD) installation support policy and resolve disputes on Installation Support between DoD components.

**SIMG** - Consists of senior representatives of the Military Departments Installation Management Organizations. Reviews joint basing issues and resolves questions that are passed from the ICC.

**ICS** - Chaired by the supporting Component (Navy, regarding Joint Region Marianas). Ensures functional expertise is available as needed to support the Joint Base Installation Support functions

**JRPC** - Chaired by the Joint Base [Region] Commander. The local leadership group at the joint base is responsible for overall implementation of the joint base guidance. It consists of senior representatives from each affected installation.

**\*JREC** - Established by Joint Region Marianas to vet lower level issues prior to escalating them to the JRPC. Consists of local-level personnel, including Joint Region Marianas personnel such as the Executive Director, Chief of Staff, Regional Program Directors, and Installation Program Directors.

## Exhibit D:

# Scope and Methodology

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Our audit concentrated on operational capabilities and internal controls at Joint Region Marianas. To complete the audit, we focused on Joint Region Marianas' ability to deliver installation support functions to Andersen Air Force Base, the supported Component. We analyzed and reviewed: the joint basing implementation guidance established by the Deputy Secretary of Defense, the Joint Region Marianas memorandum of agreement between the United States Navy and the United States Air Force, the Government Accountability Office's Standards for Internal Control in the Federal Government, and the Secretary of the Navy Instruction 5200.35E related to the Department of the Navy's Managers' Internal Control Program.

To obtain an understanding of joint basing principles and practices, and to identify issues and concerns related to the design, implementation, and execution of Joint Region Marianas, we conducted interviews with personnel at: the Office of the Secretary of Defense, Commander, Naval Installations Command, Joint Region Marianas, Naval Base Guam, and Andersen Air Force Base. Regarding the Management Internal Control Program, we conducted several interviews with the Regional Management Internal Control Coordinator.

We reviewed documentary and physical evidence including Internal Control Reviews and Systems Tests, Workforce Strategies, Cost and Performance Visibility Framework quarterly results, and various briefings and presentations to identify Joint Region Marianas' plans and efforts to implement joint basing practices. In an effort to benchmark operations at Joint Region Marianas and identify similarities and differences between a joint base and joint region construct, we conducted interviews with personnel at Joint Base Pearl Harbor-Hickam and Joint Base Anacostia-Bolling, two Navy-led Joint Bases. Additionally, we met with representatives from Headquarters, Marine Corps and Marine Corps Forces, Pacific to determine the Marine Corps plans to integrate into the joint region construct.

We reviewed prior audit reports from the Government Accountability Office regarding the Base Realignment and Closure Joint Basing Initiative and determined that none of the reports were specifically related to joint basing practices at Joint Region Marianas; therefore, no followup work was required. In addition, we coordinated efforts with the Government Accountability Office, the Department of Defense Inspector General, the Navy Inspector General, and the Naval Criminal Investigative Service to determine if their agency had any current or planned projects which may impact this audit. At the start of our audit, there were no ongoing or planned audits that would impact our audit.

Our audit work was conducted from 14 January 2010 to 15 February 2011. We conducted this audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

### **Federal Managers' Financial Integrity Act**

The Federal Managers' Financial Integrity Act of 1982, as codified in Title 31, United States Code, requires each Federal agency head to annually certify the effectiveness of the agency's internal and accounting system controls. In our professional judgment, the control weaknesses identified are not significant enough to be considered for inclusion in the Auditor General's annual FMFIA memorandum identifying management control weaknesses to the Secretary of the Navy.

**Exhibit E:****Activities Visited and/or Contacted**

<b>Activity</b>	<b>Location</b>
Office of the Secretary of Defense*	Washington, DC
Commander, Naval Installations Command*	Washington, DC
Headquarters, Marine Corps	Washington, DC
Commander, Joint Region Marianas*	Guam
Marine Corps Forces, Pacific	Honolulu, HI
Joint Base Pearl Harbor-Hickam	Pearl Harbor, HI
Joint Base Anacostia-Bolling*	Washington, DC

\* Denotes activity visited.

**Exhibit F:**

# **Exhibit B Acronyms**

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AF	Air Force
13 <sup>th</sup> AF/CC	13 <sup>th</sup> Air Force Commander
AFB	Air Force Base
AT/FP & LE	Anti-Terrorism/Force Protection and Law Enforcement
CDR	Commander
CDRUSPACOM	Commander, United States Pacific Command
CNIC	Commander, Navy Installations Command
CNO	Chief of Naval Operations
CO	Commanding Officer
CO NAVBASE	Commanding Officer Naval Base
COMNAVMAR	Commander, Naval Forces Marianas
COMNAVREG	Commander, Naval Region
COMNAVSUP	Commander, Naval Supplies Systems Command
COMPACAF	Commander, Pacific Air Force
COMPACFLT	Commander, Pacific Fleet
COS	Chief of Staff
DJBC	Deputy Joint Base Commander
Exec Dir	Executive Director
FISC	Fleet and Industrial Supply Command
HRO	Human Resource Office
IG	Inspector General
IS	Installation Support
IT/IA	Information Technology/Information Assurance
J-Code	Joint Code
JAG	Judge Advocate General
JB	Joint Base
JBC	Joint Base Command
JTF	Joint Task Force
NAVFACENGCOM	Naval Facilities Engineering Command
NDW	Naval District Washington
OGC	Office of the General Counsel
PAO	Public Affairs Office
USAF	United States Air Force
USARPAC	United States Army Region Pacific
US DEF Rep	United States Defense Representative
36 <sup>th</sup> WG/CC	36 <sup>th</sup> Wing Commander

---

**Appendix 1:**

# Management Response from Commander, Navy Installations Command



DEPARTMENT OF THE NAVY  
COMMANDER, NAVY INSTALLATIONS COMMAND  
718 SICARD STREET, SE, SUITE 1000  
WASHINGTON NAVY YARD, DC 20374-5140

7510  
NOOG Ser/11062255  
22 Mar 11

From: Inspector General, Navy Installations Command  
To: Assistant Auditor General, Installations and  
Environmental Audits, Naval Audit Service

Subj: DRAFT NAVAUDSVC REPORT VERIFICATION OF OPERATIONAL  
CAPABILITIES AND INTERNAL CONTROLS AT JOINT REGION  
MARIANAS (N2010-NIA000-0112)

Ref: (a) NAVAUDSVC memo N2010-NIA000-0112 of 15 Feb 11

Encl: (1) CNIC Response to the Subject Draft Report

1. Per reference (a), enclosure (1) is provided.

2. The technical point of contact is [REDACTED] at  
[REDACTED]. The  
Audit Liaison is [REDACTED].  
[REDACTED] or [REDACTED].

FOIA (b)(6)

Copy to:  
N5

FOIA (b)(6)

Commander, Navy Installations Command Response  
to NAVAUDSVC Verification of Operational  
Capabilities and Internal Controls at Joint  
Region Marianas (Draft Audit Report  
N2010-NIA000-0112)

We reviewed the draft audit report and concur with the findings and recommendations contained therein that relate to Commander, Navy Installations Command (CNIC). Below are our responses to the recommendations addressed to CNIC.

We recommend that CNIC:

**Recommendation 1:** Coordinate with the Office of the Secretary of Defense to evaluate operations at Joint Region Marianas (JRM), and ensure the region accomplishes the goals and intent of joint basing to include determining whether the current organizational structures of the subordinate installations permit operations to be effectively and efficiently executed.

**Management Response:** Concur. Coordination with Office of Secretary Defense (OSD) to evaluate operations at Joint Region Marianas (JRM) occurs annually during a Joint Basing Program Management Review conference. The most recent conference was held 2 - 3 February 2011. At that meeting it was concluded that JRM operations accomplish the goals and intent of joint basing and that appropriate organizational structures of subordinate installations are in place to ensure operations are effectively and efficiently executed. CNIC will continue to participate in the annual conference and reviews with OSD. Recommend this recommendation be closed.

**Recommendation 2:** Develop and promulgate guidance clarifying instructions for operations at JRM to ensure the goals and intent of joint basing are achieved.

**Management Response:** Concur. Action for this recommendation will be at JRM. CNIC will direct JRM to develop and promulgate local guidance and clarifying instructions for base operations within JRM to ensure the goals and intent of joint basing are achieved. Action will be completed or status will be provided to Naval Audit Service NLT May 31, 2012.

**Recommendation 3:** Coordinate with Headquarters, Marine Corps and Marine Corps Forces, Pacific, prior to construction, to finalize a plan to implement Future Marine Corps Base Guam into the JRM construct and achieve optimal efficiencies.

Enclosure (1)

**Management Response:** Concur. Action was completed on 9 December 2010. CNIC and JRM began formal coordination with Headquarters, Marine Corps and Marine Corps Forces, Pacific at a conference held in Guam from 7-9 December 2010. Coordination will continue until Marine Corps Base Guam reaches Full Operational Capability. Recommend closure of this recommendation.

Appendix 2:

# Management Response from Commander, Joint Region Marianas



DEPARTMENT OF THE NAVY  
JOINT REGION MARIANAS  
PSC 455, BOX 211  
FPO AP 96540-1000

7510  
Ser J5/ 0152  
22 Mar 11

From: Commander, Joint Region Marianas  
To: Naval Audit Service (ATTN: Assistant Auditor General,  
Installations and Environmental Audits)

Subj: DRAFT AUDIT REPORT: VERIFICATION OF OPERATIONAL  
CAPABILITIES AND INTERNAL CONTROLS AT JOINT REGION  
MARIANAS

Ref: (a) NAVAUDSVC Draft Audit Report N2010-NIA000-0112  
of 15 Feb 11

Encl: (1) CJRM Response to Subject Report

1. Enclosure (1) is provided as per reference (a).

2. My technical point of contact in this matter is  
[REDACTED], Strategy and Future Requirements Director,  
who may be reached by phone at [REDACTED], or via email at  
[REDACTED]. My audit liaison is  
[REDACTED], Joint Region Marianas Inspector General, who  
may be reached by phone at [REDACTED], or via email at  
[REDACTED].

Copy to:  
CNIC (NS, IG)

[REDACTED]  
[REDACTED]

FOIA (b)(6)

FOIA (b)(6)

## CJRM RESPONSE TO SUBJECT REPORT

The draft audit report was reviewed and there is concurrence with the findings and recommendations contained therein that relate to Commander, Joint Region Marianas (CJRM). Responses to the recommendations addressed to CJRM follow:

**Recommendation 4:** Develop and promulgate a Managers' Internal Control (MIC) Plan that encompasses the Government Accountability Office's five standards of internal control.

**Management Response:** The Joint Region Marianas Inspector General's Office developed and promulgated the JRM/Base Commanding Officer (MIC) Plan, which encompasses the Government Accountability Office's (GAO) five standards of internal control in July 2010, for the FY11 MIC cycle. The MIC Plan was provided to the NAVAUDSVC Team conducting the Audit in September 2010.

The CJRM FY12 MIC plan will be developed and promulgated per GAO'S five standards of internal control, SECNAV and Commander, Navy Installation Command (CNIC) instruction and guidance, as well as areas of improvement in the areas of process flow charting of all Assessable Units during the FY12 MIC cycle.

**Recommendation 5:** Coordinate with stakeholders and develop internal controls to clearly emphasize roles, responsibilities, reporting relationships and coordination between the Regional Program Directors (RPD) and the Installation Program Directors (IPD).

**Management Response:** Joint Region Marianas has continued to improve in this area. Coordination with both Andersen Air Force Base (AAFB) and Naval Base Guam BCO's is an ongoing effort in order to refine RPD/IPD roles and responsibilities. However, interpretation of the MOA often differs between JRM and AAFB, and as a result, it becomes difficult to broadly apply CNIC reporting relationships across all programs and functions.

One such example is an issue we are currently preparing for the Joint Region Partnership Council (JRPC) regarding properly aligning an IG employee who works at AAFB. JRM has advocated to adjust the billet under JRM IG supervision and duties performed adjusted to match CNIC/Navy policy. AAFB does not concur, and therefore the Joint Management Oversight Structure process is being initiated.

The existing MOA describes roles, responsibilities, reporting relationships, and coordination between RPDs and IPDs. The issue is whether or not those roles are appropriate and/or described with adequate detail. JRM will focus on proposing MOA adjustments to provide more specific guidance regarding roles and responsibilities. An example involves IPD supervision. JRM may propose that the RPD be the Rating Official and BCO is Second Level Reviewer for Installation Support Navy civilian performance appraisals per CNIC policy. The MOA designates AAFB as the IPD first and second level supervisor. CNIC

Enclosure (1)

policy is in conflict with the MOA. This has been discussed locally and the supported component strongly disagrees with this change. JRM will continue to address issues similar to this example that require clarification.

**Recommendation 6:** Coordinate with the BCO of subordinate installations to clearly distinguish mission and installation support tasks and ensure that mission tasks are not negatively impacted by the transfer of civilian personnel to the Navy.

**Management Response:** Installation Support at AAFB is being performed per both the MOA and OSD guidance.

AAFB has undergone numerous mission inspections during this past calendar year; Operational Readiness Evaluation (ORE), Unit Compliance Inspections (UCI), and other Mission Compliance Inspections. All have received numerous accolades from Air Force inspectors and higher authority.

When JRM discovers individual issues, which highlight the potential for confusing mission verses installation support tasks, those issues are and will continue to be highlighted. Adjustments will occur when necessary. JRM has engaged in the GPC and Procurement issue to clarify proper roles for those functions. We are waiting ISIC guidance regarding the GPC issue, and we will continue the action on both issues until completed.

Other mission and installation support tasks that require clarification will be addressed by JRM as they emerge.

**Recommendation 7:** Coordinate with stakeholders to revise the Memorandum of Agreement to ensure the roles and responsibilities of the Deputy Joint Regional Commander are clearly defined.

**Management Response:** The Deputy Joint Region Commander (DJRC) does not have specific duties detailed in MOA. JRM will propose changes to the MOA during the next annual update cycle to describe the DJRC role.

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