



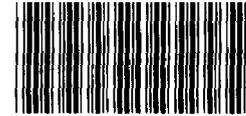
COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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B-202194

JANUARY 13, 1982

The Honorable Bo Ginn
Chairman, Subcommittee on Military
Construction Appropriations
Committee on Appropriations
House of Representatives



117288

Dear Mr. Chairman:

Subject: The Department of Defense's Energy Conservation
Investment Program Needs Closer Monitoring
(EMD-82-4)

On February 19, 1981, we provided your office an interim report on the status of projects and funds for the Department of Defense's (DOD's) Energy Conservation Investment Program (ECIP). Enclosure I of this report contains the overall results of our evaluation of DOD's management of ECIP. We are recommending that the Subcommittee improve its ability to monitor ECIP by obtaining reports from DOD.

Because of the Subcommittee's concern that ECIP funds ^{1/} were being used on non-energy conservation projects, your office requested that we provide the Subcommittee data on the status of ECIP projects and funds. In our interim report, we stated that about \$79 million in fiscal year 1979 and 1980 ECIP funds had been reallocated or could become available for reallocation to other military construction projects. In responding to our interim report, DOD stated that our estimate of ECIP funds reallocated or available for reallocation was overstated. DOD further stated that management flexibility was needed in the use of military construction program funds and that such flexibility was consistent with congressional intent.

The difference in views concerning the amount of funds available for reallocation primarily centers on when deferred project funds should be considered available. For our purposes, we considered the funds to be available at the time the projects were deferred. DOD, on the other hand, did not consider deferred project funds to be reallocated because many of these projects

^{1/}"ECIP funds" is not a line item appropriation. The term refers to monies in the military construction appropriation which the Congress recognizes will be used to pay for energy conservation projects.

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were subsequently funded. In any case, however, the total amount of ECIP funds reallocated or available to be reallocated is substantial.

With regard to the need for management flexibility in using military construction funds, the House and Senate Appropriations Committees, in approving fiscal year 1982 ECIP funds, indicated that DOD needed to do a better job of using ECIP funds and that DOD take the necessary steps to meet ECIP goals. In our view, this demonstrates that the Committees expect ECIP funds to be used to a greater extent for energy-conserving projects.

We also found that DOD does not have a systematic method of identifying energy savings resulting from completed ECIP projects. Thus, DOD's progress in meeting ECIP's goal of reducing energy consumed in DOD buildings by 12 percent cannot be determined. DOD recognized this problem and has indicated in its current energy management plan that a system to determine progress in meeting ECIP goals will be developed.

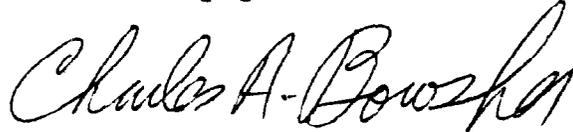
ECIP can contribute to reducing the costs of the Federal Government by making DOD buildings more energy efficient. We believe that while DOD's management of the program has improved in the past several years, substantial amounts of ECIP funds continue to be reallocated to other military construction projects. In addition, the lack of a system to measure energy savings from ECIP projects prevents a determination of the progress being made in achieving ECIP goals.

The House Appropriations Committee has, in our view, made it clear that ECIP funds should be used for energy savings projects. In addition, DOD has indicated that it plans to develop a system for measuring the energy savings impact of ECIP projects. However, in view of past experiences and the emphasis being given to reducing the Federal budget, we recommend that the Subcommittee improve its ability to monitor ECIP by obtaining quarterly reports from DOD over the next year.

DOD, in commenting on this report, generally agreed with our views. DOD stated that more effective management was needed in its ECIP program and that further guidance would be provided to the military services to ensure that ECIP funds are used to effectively meet program goals.

Copies of this report are being sent to the Secretary of Defense; the Secretary of Energy; the Director, Office of Management and Budget; and appropriate legislative and appropriations committees of the House and Senate.

Sincerely yours,

A handwritten signature in black ink, reading "Charles A. Bowsher". The signature is written in a cursive style with a large, prominent initial "C".

Comptroller General
of the United States

Enclosures

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ABBREVIATIONS

Btu	British thermal unit
DAS	Defense Audit Service
DASD, I&H	Deputy Assistant Secretary of Defense, Installations and Housing
DOD	Department of Defense
ECIP	Energy Conservation Investment Program

THE DEPARTMENT OF DEFENSE'S ENERGY
CONSERVATION INVESTMENT PROGRAM NEEDS
CLOSER MONITORING

INTRODUCTION

The Energy Conservation Investment Program (ECIP), a part of the Department of Defense's (DOD's) military construction program, was established by DOD to make Defense facilities more energy efficient. Under ECIP, military services identify and undertake retrofit projects to reduce energy use in military buildings and facilities. The table below shows the amount of funds approved for ECIP 1/ since its inception in fiscal year 1976.

Congressionally Approved Funds for ECIP

<u>Fiscal</u> <u>year</u>	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>DOD</u> <u>total</u>
	----- (000's omitted) -----			
1976	\$ 30,400	\$ 28,828	\$ 44,000	\$103,228
1977	50,300	42,466	25,839	118,605
1977 (note a)	9,792	10,070	2,261	22,123
1978	15,567	26,139	31,560	73,266
1979	52,697	42,940	35,026	130,663
1980	44,970	46,700	32,160	123,830
1981	<u>67,370</u>	<u>53,000</u>	<u>45,160</u>	<u>165,530</u>
Total	<u>\$271,096</u>	<u>\$250,143</u>	<u>\$216,006</u>	<u>\$737,245</u>

a/Supplemental.

Executive Order 12003, July 20, 1977, requires that energy consumption in existing Federal facilities be reduced an average of 20 percent by fiscal year 1985 from the fiscal year 1975 consumption level. According to DOD, ECIP is to contribute to this goal within DOD by achieving 12 percent of these energy savings in DOD's facilities.

OBJECTIVES, SCOPE, AND METHODOLOGY

This review is a followup to and evaluation of DOD actions to correct the deficiencies disclosed in our previous work and the Defense Audit Service (DAS) review of ECIP. Our work was performed

1/"ECIP funds" is not a line item appropriation. The term refers to monies in the military construction appropriation which the Congress recognizes will be used to pay for energy conservation projects.

at DOD headquarters in the Office of the Secretary of Defense and the Army, Navy, and Air Force Departments, and was performed in accordance with our current "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."

We reviewed ECIP guidelines, memoranda and reports, documentation for ECIP project justifications, status of project work, reprogramming actions, legislation, congressional hearings and reports, and the DAS report. We interviewed ECIP officials and others responsible for maintaining accountability for the funds appropriated by the Congress for military construction projects, including ECIP projects. We also interviewed the DAS official responsible for the audit report on ECIP.

We reviewed the DOD forms that serve as the basis for congressional review, approval, and funding of ECIP projects. Using information contained in these forms, we evaluated the status and funding of fiscal year 1979 and 1980 projects for the following reasons:

- In fiscal year 1979, DOD's revised guidelines became effective.
- In fiscal year 1980, many projects would have been close to completion at the time of our review (from December 1980 to April 1981) and the current working estimates of project costs would approximate the total costs to complete the projects.

We ascertained the status of each project by reviewing internal DOD reports and individual project files, and identified the projects that had been canceled, deferred, or reduced in scope. The projects selected for our analysis had cost variances of about \$500,000 between the current working estimates and programmed amounts.

We provided an interim report on this review ^{1/} to the Chairman, House Subcommittee on Military Construction Appropriations, for use in hearings on February 25, 1981, on the Pollution Abatement, Energy Conservation, and Safety Programs of the Military Construction Appropriations for fiscal year 1982.

PRIOR REPORTS ON DOD ENERGY CONSERVATION EFFORTS

During the past several years we have reported that DOD and other Federal agencies have not adequately managed their internal energy conservation programs. We have identified certain problems in ECIP and, along with the DAS, have recommended corrective

^{1/}"Status and Funding of the Department of Defense Energy Conservation Investment Program," EMD-81-55, Feb. 19, 1981.

action. Based on these efforts, DOD has made changes to the program.

In a January 1978 report, 1/ we pointed out that DOD provided the military services only general, unstructured guidance in developing, analyzing, and selecting projects for ECIP funding. We recommended that the Secretary of Defense revise the ECIP structure and criteria to include economic analysis methods which

--were consistent with Office of Management and Budget (OMB) requirements,

--use evaluation techniques that highlight energy-saving effectiveness, and

--use reliable data on a consistent basis.

DOD generally agreed with our recommendations and issued revised program guidelines for fiscal year 1979.

In a December 1979 report, 2/ we stated that DOD and the General Services Administration had used energy conservation funds for other purposes and concluded that Federal energy conservation efforts were being carried out by individual agencies on a fragmented and piecemeal basis. We recommended that the Congress provide the Department of Energy with central funding and control over energy conservation funds, such as ECIP, and earmark and restrict such funds for only energy conservation projects. OMB disagreed with our recommendations and indicated that a decentralized management approach to Federal internal energy conservation efforts was preferable.

In August 1980, we reported 3/ on DOD's acquisition and use of energy monitoring and control systems. Although many of these systems had been funded through ECIP, we found that the projects had not been adequately justified even though DOD had issued instructions for justifying and revalidating all types of energy projects. DOD agreed with our recommendation that the Secretary of Defense closely review energy system projects. However, DOD said that because of limited staff, it could not make better reviews of energy monitoring and control projects.

1/"Improvements Needed in Department of Defense Energy Conservation Investment Program," EMD-78-15, Jan. 18, 1978.

2/"The Federal Government Needs a Comprehensive Program to Curb Its Energy Use," EMD-80-11, Dec. 12, 1979.

3/"DOD Energy Monitoring and Control Systems--Potential for Non-Energy Savings--Better Planning and Guidance Needed," LCD-80-81, Aug. 14, 1980.

DAS has also reviewed ECIP. On February 28, 1979, in response to a House Committee on Armed Services directive to review ECIP energy savings, DAS reported that DOD was not realizing all claimed energy savings because the work accomplished on many projects was substantially less than originally planned and ECIP funds were used for other purposes. DAS concluded that DOD's revised guidelines should correct some of these problems, but additional actions were needed to ensure that ECIP would meet its intended objectives. Therefore, DAS recommended establishing controls for the use of funds approved for ECIP and procedures for monitoring project costs and energy savings. The Deputy Assistant Secretary of Defense, Installations and Housing (DASD, I & H) took action to implement DAS's recommendations in an August 6, 1979, memorandum to the military services and other Defense agencies.

In January 1981, we reported 1/ on DOD's reprogramming of funds for military construction projects. The report discussed the procedures military services follow in preparing project cost estimates and the reasons why estimated costs differ from actual costs. Our overall findings from this effort are relevant to ECIP. In general, we found that DOD's cost-estimating procedures appeared reasonable. However, many other factors, which were not related to the adequacy of the services' cost estimating procedures, caused the differences between estimated and actual costs. These factors included: the degree of bidders' interest in a particular project, fluctuations in material and labor costs, and changes in requirements and design after the budget submission. These same problems would be applicable to cost estimates initially developed for ECIP projects since they too are categorized as military construction projects.

CLOSER CONGRESSIONAL MONITORING
OF THE ENERGY CONSERVATION
INVESTMENT PROGRAM NEEDED

ECIP funds have been transferred, or made available for transfer, to other military construction projects. Furthermore, DOD cannot identify the level of progress being made in achieving ECIP energy savings goals. Although the House Appropriations Committee has decided not to restrict the use of ECIP funds for fiscal year 1982, it expects DOD to do a better job of using ECIP funds for energy conservation projects. Given past experiences of DOD's transferring millions of dollars of ECIP funds to other projects, and DOD's current inability to adequately determine progress in meeting ECIP energysaving goals, closer monitoring of the program is needed.

1/"Why Actual Costs of Military Construction Projects Vary From Their Estimates," LCD-81-17, Jan. 14, 1981.

Reallocation of ECIP funds

In our interim report, we stated that the Army, Navy, and Air Force were using ECIP funds for military construction projects that did not conserve energy. We found that millions of dollars of fiscal years 1979 and 1980 appropriated funds for ECIP projects were, or were available to be, transferred to other military construction projects. DOD believes its management of ECIP is consistent with congressional intent. But with respect to fiscal year 1982 appropriations, the House and Senate Appropriations Committees have indicated that Congress expects that ECIP funds be used to a greater extent for energy-conserving projects.

We reported to the House Subcommittee on Military Construction Appropriations in February 1981 that about \$45 million, or 34 percent, of fiscal year 1979 ECIP funds and about \$34 million, or 27 percent, of fiscal year 1980 ECIP funds had been reallocated or may be reallocated to other military construction projects. The funds became available for reallocation when ECIP projects were canceled, reduced in scope, deferred, or completed. The table below shows the source and amount of funds made available for each of the military services, as previously reported.

ECIP Funds Made
Available for Other Projects

(Fiscal years 1979 and 1980)

<u>Projects</u>	<u>Army</u>	<u>Navy</u>	<u>Air Force</u>	<u>Totals</u>
	----- (millions) -----			
Canceled	\$ 9.5	\$ 5.0	\$ 0.6	\$15.1
Reduced in scope (note a)	7.0	16.9	.4	24.3
Deferred	<u>4.4</u>	<u>2.4</u>	<u>32.2</u>	<u>39.0</u>
Total	<u>\$20.9</u>	<u>\$24.3</u>	<u>\$33.2</u>	<u>\$78.4</u>

a/Includes amounts resulting from projects where costs were over-estimated or underestimated.

DOD, in responding to our interim report, raised two points:

- The potential availability of funds from ECIP projects canceled, deferred, and reduced in scope was less than we reported.
- Management flexibility in transferring funds approved for ECIP projects was consistent with congressional intent and needed.

Based on ECIP data as of February 1981, DOD indicated that only about 23 percent of fiscal year 1979 ECIP funds and 18 percent of fiscal year 1980 ECIP funds became available for transfer to other military construction projects. The major differences between DOD's figures and our reported figures resulted from differing views on how to categorize funds from deferred projects.

With respect to deferred projects, DOD said that projects were deferred because of a serious shortage of funds for the military construction program during the last 2 years. For example, DOD said the Air Force had to defer approximately \$240 million of construction projects, including the \$19.6 million of fiscal year 1979 ECIP funds cited in our earlier report. The major factor for the shortage of construction funds, DOD said, was the unforeseen funding needs to support the Space Shuttle Program. DOD said that, as funds become available, the deferred projects are being funded. Concerning ECIP funds, of the \$19.6 million deferred, DOD stated that \$18.9 million has either been contracted or advertised for contract.

DOD also stated that it needed management flexibility in administering ECIP and such flexibility was consistent with congressional intent. DOD pointed out that management flexibility was necessary to ensure that those military construction projects most in need of funding, including ECIP projects, receive funding. DOD added that such flexibility in funding ensures that ECIP projects which may need additional funding receive it. Finally, DOD expressed its view that restricting funds for specific programs was contrary to congressional intent since the Congress does not require DOD to budget ECIP as a separate line item.

While there may be differences as to the exact amount of ECIP funds being reallocated to, or made available for, other projects, the amounts involved are substantial. Should DOD continue to reallocate ECIP funds to other projects, ECIP's energy savings goal is not likely to be achieved. We also believe that DOD's views favoring flexibility in using funds to accomplish the military construction program objectives, including ECIP, do not fully consider Congress' concern about advancing energy conservation in Federal buildings.

With respect to energy conservation in Federal buildings and facilities, the National Energy Conservation Policy Act (P.L. 95-619) states that the Congress finds that:

"The Federal Government, the largest energy consumer in the United States, should be in the forefront in implementing energy conservation measures and in promoting the use of solar heating and cooling and other renewable energy sources."

The act requires each Federal agency to conduct preliminary energy audits of Federal buildings under its jurisdiction and complete retrofitting of these buildings on a phased basis by January 1, 1990.

With respect to fiscal year 1982 appropriations, the House and Senate Appropriations Committees' reports have made clear Congress' view that DOD needed to do a better job of using ECIP funds for energy savings projects. In the House report accompanying the Military Construction Appropriation Bill for fiscal year 1982, the Committee stated that while it had refrained from imposing any restriction on ECIP funds, it fully expected that DOD take the necessary steps to meet ECIP program goals. The Senate report urges DOD to take the necessary steps to meet its stated goals in reducing energy use.

Given DOD's past experience, we are concerned that DOD may continue to make substantial amounts of ECIP funds available for reallocation to other military construction projects. Close congressional oversight over ECIP in fiscal year 1982 would identify, in a timely manner, instances where DOD has taken steps to reallocate ECIP funds and serve as a basis for any action the Appropriations Committee believes necessary to ensure that ECIP goals are achieved.

Energy savings impact from ECIP unclear

DOD's progress toward meeting ECIP's energy savings goal of a 12-percent reduction of energy used in DOD buildings is unclear. DOD's data collection and reporting system is not designed to identify savings from ECIP projects. However, the Department recognizes this problem and is taking steps to improve this situation.

Accurately measuring energy savings from ECIP projects has been a problem for several years. As discussed previously in this report, the House Committee on Armed Services, during its hearings on the fiscal year 1979 program, directed DAS to study this problem. As a result, DAS found that all the claimed energy savings were not realized because all planned work on many projects was not accomplished and ECIP funds were used on other military construction projects. A related problem was the lack of an adequate system to monitor project costs and energy savings. DAS recommended that controls over the use of ECIP funds and procedures to monitor ECIP project costs and energy savings be established.

Little progress has been made since the DAS report. DOD's energy management plan dated March 1, 1981, does not indicate the amount of energy savings attributable to ECIP, but states that from fiscal year 1975 to fiscal year 1979, overall energy consumption for DOD installations declined 9.4 percent, with a 3-percent reduction in energy used per square foot of building space. However, the plan does not identify what the Btu-per-square-foot goal is for ECIP nor discuss the adequacy of the 3-percent reduction in meeting the 12-percent reduction goal established for ECIP. According to the plan, energy savings cannot be attributed to specific projects or to individual buildings because less than

1 percent of DOD buildings are metered. The plan indicates, however, that DOD plans to develop a comprehensive metering policy to assist it in measuring progress toward ECIP goals.

DOD officials have commented in congressional hearings on the progress in meeting ECIP energy savings goals. They stated that approximately 85 percent of anticipated energy savings from ECIP for fiscal years 1976 through 1980 will be realized and that DOD was a little below the ECIP goal on the basis of reducing energy use per square foot. A DOD official told us that the 85-percent energy savings was based on a comparison of the original energy savings estimate made for each project with a revised estimate. The revised estimate was calculated by field personnel for the annual report to DASD (I & H) on the status of ECIP projects.

With respect to the individual military services, the Army did not identify ECIP energy savings in its energy plan. It stated that many approved ECIP projects for the fiscal years 1975 through 1979 programs had not been completed, but at military bases where projects had been completed, energy conservation was very encouraging. In this respect, the Army stated that overall energy consumption for facility operations was reduced by 9.99 percent and that Btu's per square foot had been reduced by 13.5 percent during this period.

The Navy's energy management plan stated that an internal audit of ECIP for fiscal years 1976 through 1978 indicated that 84 percent of the projected savings would be realized. However, the data presented in the plan do not show a direct relationship between overall energy savings reported and the projected savings for ECIP. For example, the plan shows that for fiscal years 1975 through 1979, the aggregate energy usage per square foot in existing buildings decreased 5.5 percent, and shore facilities energy usage decreased by 4.3 percent. It does not, however, attribute any of these savings specifically to ECIP.

The Air Force also did not attribute actual energy savings directly to ECIP. The Air Force's energy management plan stated that overall facility energy usage per gross square foot of floor area in existing buildings was reduced 13.3 percent in fiscal year 1980 from the fiscal year 1975 baseline. Also, the plan indicated that energy usage for installation operations was reduced 13 percent during the same time period. To obtain accurate measurements of energy consumption, the Air Force plans to continue its programs of energy audits, technical surveys, and intensified metering to identify and monitor 35 percent of energy consumption in installations by 1990. The metering program is expected to cost \$40 million through fiscal year 1985.

Better information is needed on the energy savings impact of ECIP projects. Without better information, DOD is prevented from measuring progress in achieving ECIP goals. DOD has recognized this problem and has indicated it plans to develop a system to

measure ECIP progress. We believe the Subcommittee on Military Construction Appropriations should give close attention to this effort to ensure the timely development of the system.

CONCLUSIONS AND RECOMMENDATION

Conclusions

The Congress and the executive branch have emphasized the need to reduce energy consumption in existing Federal buildings. The Congress has stated that the Federal Government should be in the forefront in implementing energy conservation measures. The executive branch has required that energy consumption per square foot of building space be reduced by 20 percent from the fiscal year 1975 baseline by fiscal year 1985. DOD's ECIP program was initiated and designed to help accomplish this goal by retrofitting DOD buildings to reduce their energy consumption by 12 percent.

The Congress has supported DOD's efforts and has approved about \$737 million for fiscal years 1976 through 1981 for ECIP retrofit projects. DOD reports good success toward meeting its energy conservation goal, including ECIP, and we believe that DOD's management of the program has improved in the past several years. However, we believe that closer congressional monitoring of ECIP is needed to ensure that (1) funds approved for ECIP are used for energy-saving projects and (2) DOD develops its planned system to measure ECIP energy savings.

With respect to ensuring that ECIP funds are used for energy-saving projects, the military services manage ECIP as an integral part of their military construction program. Integrating ECIP projects with the military construction program provides the flexibility that DOD says the services need to manage both programs. However, our review has shown that millions of dollars made available from ECIP projects have been used on projects that did not conserve energy. The House Appropriations Committee, in approving fiscal year 1982 ECIP funds, indicated that DOD needed to do a better job in using ECIP funds.

Regarding measuring energy savings from ECIP projects, DOD does not have an adequate method for measuring the amount of energy saved as a result of such projects. Thus, we believe a method for measuring performance against the established ECIP goals is needed. DOD has recognized this problem and indicated, in its energy management plan, that a comprehensive metering policy is to be developed to identify progress toward meeting ECIP goals.

Because of the heightened concern over the level of the Federal budget, it is imperative that Federal funds be effectively used. ECIP provides an opportunity to reduce DOD expenditures for fuel and at the same time, conserve energy resources. However, our work has shown that DOD reallocated substantial amounts of

ECIP funds to other construction projects and has been unable to measure progress in meeting ECIP goals.

In view of (1) the past history of DOD reallocating ECIP funds to other projects, (2) the expectations of the Appropriations Committees that ECIP funds be used for energy saving projects, and (3) the actions underway by DOD to improve methods for measuring energy savings as a result of ECIP, we believe that the Subcommittee should improve its ability to monitor ECIP.

Recommendation

We recommend that the Subcommittee on Military Construction Appropriations, House Appropriations Committee, improve its ability to monitor ECIP by obtaining from DOD, over the next year, quarterly reports which would identify the status and use of ECIP funds and highlight and explain situations where the amount of funds used for ECIP projects is less than amounts appropriated for that purpose. The report could also discuss the progress being made by DOD in improving its methods for measuring energy savings from ECIP. Such information would be a basis to assess, in a timely manner, whether DOD's use of ECIP funds has been consistent with the House Appropriations Committee's stated desires.

AGENCY COMMENTS

DOD provided its comments on this report by letter dated December 7, 1981. (See enc. II.) DOD agreed that more effective management of the ECIP program was needed. DOE stated that it was in the process of providing additional guidance to the military services which would give greater assurance that ECIP funds would be effectively used.



ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

MANPOWER,
RESERVE AFFAIRS
AND LOGISTICS

7 DEC 1981

Mr. J. Dexter Peach
Director, Energy and Minerals Division
United States General Accounting Office
Washington, D. C. 20548

Dear Mr. Peach:

This is in response to your draft report of November 2, 1981, "The Department of Defense Energy Conservation Investment Program, Closer Monitoring Needed," EMO-82-4 (OSD Case #5820).

We have reviewed the draft report and the following summarizes the position of our staff and the Service representatives in a meeting with members of your staff led by Mr. Oelkers on November 16, 1981:

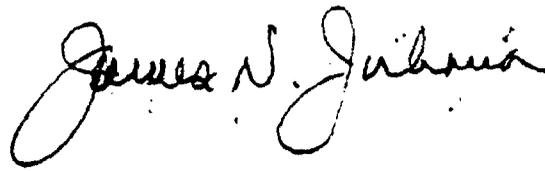
In general, we concur with the need for increased management attention to this program and, as your report points out, are incorporating the experience of the past into revised program guidance. This guidance will include; clearer direction on project funding to minimize fund reallocation to non-energy conservation construction, revised program reporting to identify progress toward program goals and future planning and a formal process for annual savings validation of generic project types. We are committed to continued management improvement of this program, as evidenced by the scheduled semiannual Energy Monitoring and Control Systems management meeting resulting from our October 14, 15 and 16 initial meeting. Our Service technical experts and program managers continue to make every effort to get the most energy and cost savings from this high priority program.

In response to the specific report recommendations: We would welcome continued program interest and support of the Subcommittee on Military Construction Appropriations. However, as discussed in the November 16 meeting, we feel strongly that a project-by-project Congressional report would not be useful, in light of the mass of data, over 1,200 projects programmed from FY 1976 to FY 1982, and the shortage of staff. This report should parallel our summary report of program year total data with individual projects data submitted only on an exception basis, in the event of significant changes in scope, cost or energy savings. Of course, the Services will maintain a project-by-project audit system for use in their program management responsibilities which would be available to GAO for future review.

[See GAO note, p. 12]

Again, we wish to acknowledge the diligence and positive attitude of your staff and appreciate your assistance in our program management.

Sincerely,



James N. Juliana
Principal Deputy Assistant Secretary of Defense
(Manpower, Reserve Affairs & Logistics)

GAO note: DOD's comment refers to wording contained in a draft of this report. We agree that reporting on a project-by-project basis will not be necessary and have changed our recommendation accordingly.