UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

JUL 5 2011

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

This letter reports violations of the Antideficiency Act (ADA), Air Force case number 08-07 (enclosed), as required by title 31, U.S.C., section 1517(b). The violations at the Ogden Air Logistics Center, Hill Air Force Base, Utah, occurred in the Air Force Working Capital Fund (AFWCF), Depot Maintenance Activity Group 97*4930 account. The violations totaled $22,425,701.50.

The violations occurred when the Ogden Air Logistics Center incorrectly obligated budgetary resources from its annual operating budget – instead of contract authority from its capital budget – between Fiscal Years 1999 and 2003 for a software system named IMPRESA. Because the software was not included in the capital projects requested in the President's budget, its cost was not included in the contract authority OMB apportioned to the Department. Hence it was not included in the Annual Operating Budget documents provided by the Office of the Under Secretary of Defense (Comptroller) to the AFWCF. Violations occurred at the Ogden Air Logistics Center allocation level because the IMPRESA caused, in each fiscal year noted, the limitation on the capital obligation authority to be exceeded. Exceeding such limitation is a violation of the ADA, title 31, U.S.C., section 1517. The violations totaled $22,425,701.50.

Mr. Gene Hathenbruck, SES (Retired), Director, Directorate of Logistic Management, was found responsible for the violations by improperly authorizing the obligation of operating budgetary resources for a capital asset. No disciplinary action was taken against Mr. Hathenbruck, because he has retired from Federal Service. It was determined that the violations contained no willful or knowing intent on the part of the responsible party to violate the ADA.

To prevent a recurrence of these types of violations, the Air Force has instituted several corrective actions to include mandatory Fiscal Law training. In addition, the Air Force Material Command has established the Integrated Requirements Review Board process which requires all new systems and/or changes to existing systems be formally reviewed by key functional and financial management leadership before approval.

Identical reports will be submitted to the President of the Senate, Speaker of the House of Representatives, Comptroller General of the United States, and Director of the Office of Management and Budget.

Respectfully yours,

Robert F. Hale

Robert F. Hale

Enclosure:
As stated

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

JUL 5 2011

The Honorable Joseph R. Biden, Jr.
President of the Senate
United States Senate
Washington, DC 20510

Dear Mr. President:

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Sincerely,

Robert F. Hale

Robert F. Hale

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As stated

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1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

JUL 5 2011

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

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Robert F. Hale

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