**The Deputy Secretary of Transportation**
WASHINGTON, D.C. 20590

September 07, 2007

The Honorable David M. Walker
Comptroller General of the United States
U.S. Government Accountability Office
Antideficiency Act Reports, Room 7165
441 G Street, NW
Washington, DC 20548

Dear Mr. Walker:

This letter reports a violation of the Antideficiency Act, as required by section 1517(b) of title 31, United States Code. This violation of section 1517(a)(2) occurred in the U.S. Department of Transportation's Federal Aviation Administration (FAA) Grants-in-Aid for Airports Account (69X8106) with regard to the Small Community Air Service Development Program (SCASDP), which is managed by the Department's Office of the Assistant Secretary for Aviation and International Affairs. The total amount of the violation was $1,929,901.

Since inception of the SCASDP in Fiscal Year (FY) 2002, Congress has provided annual funding for the grant program out of the Airport Improvement Program (AIP) from the Airport and Airway Trust Fund. Since that time, the Department's Office of the Assistant Secretary for Aviation and International Affairs has managed the program and issued the grant awards, and the DOT Enterprise Services Center at the FAA Aeronautical Center in Oklahoma City has recorded the accounting transactions. In FY 2004, Congress appropriated $20 million for the SCASDP, minus amounts rescinded by appropriations acts, and the remaining amount, $19.882 million, was apportioned. During the same year, the FAA deobligated $1.9 million of prior year AIP funds, and the SCASDP office in the Office of the Assistant Secretary for Aviation and International Affairs awarded six new grants totaling $1,929,901. However, the deobligated amount was not apportioned and, as a result, the total amount obligated for SCASDP grant awards exceeded the amount apportioned for the program in FY 2004 by $1,929,901. Section 1517 of title 31, United States Code, prohibits an officer or employee of the United States Government from making or authorizing an expenditure or obligation that exceeds an apportionment.

The Antideficiency Act violation occurred on August 30, 2004, in connection with the SCASDP; however, it was not detected by FAA management until after the transactions were recorded into the accounting system during Fiscal Year 2005. In response to the annual financial audit, FAA determined that the violation occurred due to a lack of communications among the program manager in the Office of the Assistant Secretary for Aviation and International Affairs and FAA officials in the FAA Budget Office and in the Office of the Associate Administrator for Airports who administer the AIP funds.

9/18/07

Responsibility for obligating SCASDP grant funds was assigned to Ms. Teresa B. Bingham, Associate Director, Office of Aviation Analysis, Office of the Assistant Secretary for Aviation and International Affairs. Responsibility for communicating the necessary budget information on approval of apportionment documents was assigned to Mr. Alexander Keenan, Director of Budget, Office of Budget, Office of the Assistant Administrator for Financial Services, FAA. Ms. Bingham retired from Federal service in 2006 and Mr. Keenan left the FAA for another Federal position in March of this year.

In this instance, there was no evidence of a willful violation of any law or regulation by the individuals involved. The violation did not result in the loss of any funds or the over-obligation of budget authority. Sufficient funds were available for apportionment at the time the obligation was made, and the error could have been prevented by requesting a higher amount of recovery authority on the Apportionment and Reapportionment Schedule, SF-132.

After the violation occurred, the Office of the Assistant Secretary for Aviation and International Affairs and the FAA implemented a corrective action plan to ensure that such a violation will not occur in the future. Specific components of the plan include:

1. Written procedures detailing the roles and responsibilities of each office involved with the program to ensure effective program management, budgeting and accounting procedures, and coordination among FAA budget and accounting, SCASDP officials in the Office of the Secretary (OST), and the Office of the Chief Financial Officer (CFO) for OST. **(Established)**

2. Quarterly meetings with FAA budget and accounting, the SCASDP Office, and the OST CFO to review program, budget and accounting status and to ensure that established coordination procedures are being followed. **(Established)**

3. Read-only access to SCASDP data in DOT's Delphi financial system by the OST Office of the Assistant Secretary for Aviation and International Affairs. **(Established)**

Identical letters have been sent to the President, the President of the Senate, and the Speaker of the House of Representatives.

Sincerely yours,

Thomas J. Barrett