



Homeland Security

February 15, 2008

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

This letter updates my December 4, 2006 preliminary report and provides the final report on a violation of the Antideficiency Act (ADA), as required by Section 1351 of Title 31, United States Code.

A violation of Section 1341(a)(1)(A) of the ADA occurred in Treasury Appropriation Fund Symbol 70X0508. The ADA violation took place during the fourth quarter of fiscal year 2004 and totaled \$155.6 million. This account served as the Transportation Security Administration's (TSA) main operating account, which was established in FY 2003 when TSA transitioned from the Department of Transportation to the Department of Homeland Security (DHS).

The violation was caused by erroneous accounting entries, which made it appear that TSA had more funds available than actually existed. The exigent circumstances surrounding the rapid establishment of a major Federal agency contributed to the violation. Fund control procedures at the newly formed agency did not keep pace with efforts to implement new and critical transportation security measures following the September 11, 2001 terrorist attack.

Robert Gardner served as the TSA Assistant Administrator for Finance and Administration at the time of the violation and, as such, is the individual accountable for the violation. However, the DHS Inspector General concluded that there was no knowing or willful violation of the ADA, and no disciplinary action was taken. Additionally, Mr. Gardner is no longer working for DHS.

Congress provided TSA authority to liquidate the over-obligation by transferring other available TSA funds into the over-obligated account. TSA resolved the over-obligation in June 2007 by using authority granted in Section 21101 of the Fiscal Year 2007 Revised Continuing Appropriations Resolutions (Public Law 110-5).

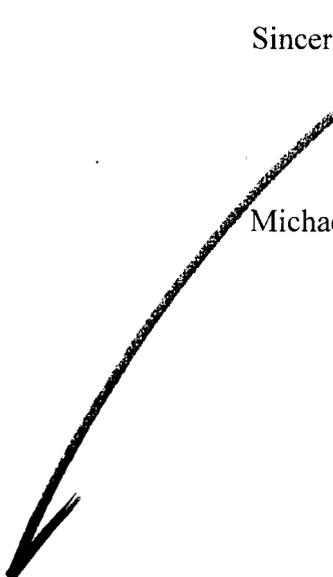
To date, the weakness relating to the erroneous accounting entry has been resolved. Efforts are underway to correct the remaining weaknesses as part of a comprehensive action plan. This plan includes acquiring Office of Management and Budget approval of TSA's fund control policies and procedures. Implementation of these corrective actions will minimize the risk of future violations.

In accordance with the ADA, identical letters have been provided to the President of the Senate, the Speaker of the House of Representatives, and the Comptroller General.

Sincerely,

A handwritten signature in black ink, appearing to be 'Michael Chertoff', written over a horizontal line.

Michael Chertoff

A large, thick, black handwritten mark that starts near the signature and extends downwards and to the left, resembling a large checkmark or a stylized 'L'.



Homeland Security

February 15, 2008

The Honorable Richard Cheney
President of the Senate
United States Senate
Washington, D.C. 20515

Dear Mr. President:

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Michael Chertoff



Homeland Security

February 15, 2008

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, D.C. 20510

Dear Speaker Pelosi:

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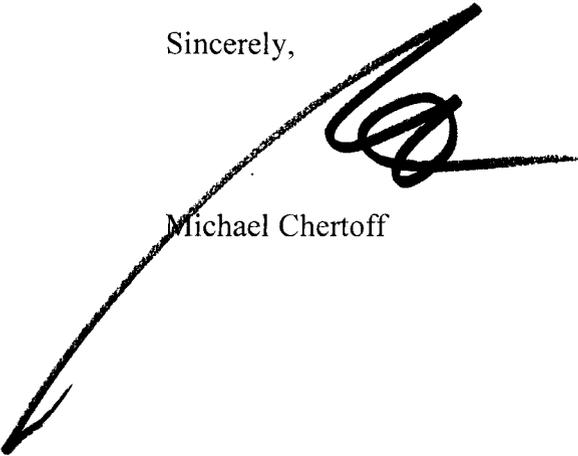
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Sincerely,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Michael Chertoff