



January 15, 2009

The President
The White House
Washington, DC 20500

Dear Mr. President:

This letter is to report two violations of the Anti-Deficiency Act, as required by Section 1517(b) of Title 31, United States Code.

The violations of section 1517 both occurred in account 46X0200, Appalachian Regional Commission (ARC), in the total amount of \$521,288 in FY 2007 and \$555,095 in FY 2008. These sums were spent in connection with the Commission's administrative expenses. The following officials are jointly responsible for the violations:

- Donna Suber: Budget Analyst (GS14)
- Polly Law: Financial Manager (GS14)
- William Grant: Director of Finance and Administration (GS15)
- Guy Land: Chief of Staff (GS15)
- Jill Wilmoth: Budget and Program Specialist (GS14)

The first violation occurred due to an inaccurate calculation of agency carryover in years where a Continuing Resolution was in place. These occurred in the first quarter of 2007 and the first two quarters of 2008 resulting in a combined total over obligation of \$863,095. Budget office personnel incorrectly calculated the amount of carryover for both FY07 and FY08 (only current year amounts were included, instead of prior-year amounts). These incorrect calculations were used for the apportionments for each year. The Director of Finance and Administration supervises the Budget Analyst and the Financial Manager. The Chief of Staff and the Budget and Program Specialist have delegated authority to certify financial transactions for the agency. This problem could have been resolved with a reapportionment as ARC had sufficient funding, but staff failed to make the necessary adjustments. Additionally, procedural changes eliminated the requirement for a physical signature on the apportionment document within the agency, which inadvertently removed a key ARC internal control. Simultaneous changes in ARC staffing resulted in a delay in the identification of this problem.

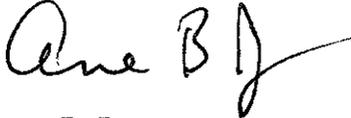
The second violation occurred when ARC inadvertently obligated funds in advance of a transfer to another ARC account. This occurred at the end of the third quarter of 2008 in the amount of \$213,288. Financial office staff obligated funds 7 days prior to the end of the 3rd quarter - before a transfer that took place at the beginning of the fourth quarter - resulting in an over obligation of the third quarter. Again, a reapportionment would have eliminated this situation as ARC had sufficient funding, but staff failed to complete that process.

The ARC's Inspector General has been briefed and has found that there are no indications of any willful or knowing violations of the Act. The individuals responsible have been admonished and instructed that further violations will not be tolerated.

I have directed staff to update the Agency Control of Funds document and will work with OMB to ensure that the document reflects the appropriate internal controls. I have also instructed the Executive Director to see that all staff involved receive additional training on new procedures and requirements. I am confident that the change in internal controls recently implemented will ensure that no further violations occur.

Identical reports will be submitted to the presiding officer of each House of Congress as well as the Comptroller General.

Respectfully,

A handwritten signature in black ink, appearing to read "Anne B. Pope". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Anne B. Pope
Federal Co-Chair



March 2, 2009

Nancy Pelosi
Speaker
United States House of Representatives
H-232
Washington, DC 20510

Dear Madam Speaker:

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Anne B. Pope
Federal Co-Chair



March 2, 2009

Joseph R. Biden, Jr.
President
United States Senate
S-212
Washington, DC 20510

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Anne B. Pope
Federal Co-Chair