

**UNDER SECRETARY OF STATE  
FOR MANAGEMENT  
WASHINGTON**

September 28, 2015

Dear Comptroller General:

This letter is to report two technical violations of the Anti-deficiency Act (ADA) at the apportionment level, as required by section 1517(b) of Title 31, United States Code.

The violations occurred in the Department of State (Department) International Narcotics Control and Law Enforcement (“INCLE”) account, a general fund with Treasury symbol (1911X1022). The violations involved obligating and expending funds for specific Congressionally notified projects that were not reflected as “Category B”<sup>1</sup> projects on the INCLE account’s approved apportionment (31 U.S.C. 1517(a)) due to an administrative error. The obligations and expenditures were fully consistent with amounts and purposes made available by Congress, did not exceed the total apportioned or budgetary resource amounts for the INCLE account, and did not require a supplemental or deficiency appropriation. The Department has taken several corrective actions to improve internal and administrative control of funds leading to these violations. The violations totaled \$4,902,671.

**Summary of Antideficiency Act Violations**

The violations are associated with funding made available to the Department pursuant to section 1207 of the National Defense Authorization Act of 2006, as amended (hereinafter referred to as “1207 funds”). The 1207 funds in question remain available until expended. On November 19, 2013, the Department submitted a Congressional notification for the reprogramming of \$4 million in

The Honorable  
Gene L. Dodaro,  
Comptroller General,  
General Accountability Office.

---

<sup>1</sup> Apportioned amounts appear on different groups of lines in the application of budgetary resources section of an apportionment. Amounts identified in an apportionment by program, project, or activity are Category B

1207 funds in the INCLE account from reconstruction and stabilization programming in Ecuador to reconstruction and stabilization programming in Nigeria. Upon completion of Congressional notification procedures, the Department began incurring obligations for Nigeria on March 25, 2014. While the 1207 funds were legally available for obligations related to Nigeria programming rather than Ecuador programming, consistent with the Congressional notification, the approved Apportionment and Reapportionment schedule (SF-132) from OMB was not updated to reflect the reprogramming of 1207 funds for the obligation of funds for Nigeria programming. As a result, the SF-132 continued to reflect apportioned funds for Ecuador programming, even though Congressional notification procedures had been completed to reprogram a portion of the Ecuador funding to Nigeria. This mistake in the earlier SF-132s was identified in December 2014 after the Department specifically requested apportionment in Fiscal Year 2015 of the remaining unobligated balance for Nigeria programming. In December 2014, OMB issued a SF-132 which apportioned \$682,221 in 1207 funds for Nigeria programming. Prior to that December 2014 apportionment, the Department had obligated \$3,317,779 in 1207 funds for Nigeria programming, a technical violation of the Anti-Deficiency Act as a consequence of an unintentional administrative error.

After discovering the apportionment issue concerning Nigeria 1207 programming, the Department undertook a comprehensive review and reconciliation to identify if there were any other instances in which 1207 funding held in the INCLE account had received Congressional approval for reprogramming but were not reflected on the approved apportionment. The Department discovered one other instance. On July 19, 2012, the Department submitted a Congressional notification for the reprogramming of \$5 million in 1207 funds held in the INCLE account from reconstruction and stabilization programming in Lebanon to reconstruction and stabilization programming in Honduras<sup>2</sup>. Upon completion of Congressional notification procedures, the Department began incurring obligations for Honduras programming with 1207 funds in the INCLE account on September 4, 2012 while the SF-132 continued to apportion funds for Lebanon programming. In conducting the review of 1207 funding, the Department determined that net obligations of \$1,584,892 in 1207 funds were incurred within the INCLE account for Honduras programming while the SF-132 reflected apportioned funding for Lebanon, a technical violation of the Anti-Deficiency Act as a consequence of an unintentional administrative error.

---

<sup>2</sup> Of the \$5 million, \$3 million was transferred to USAID, leaving \$2 million in 1207 funds in the INCLE account

The Department has requested that OMB re-apportion the remaining amount of \$415,108 for Honduras programming.

### **Remedial Actions**

The obligations and expenditures were fully consistent with the Department's Congressional notification to reprogram 1207 funds for the specific projects at issue, and did not exceed the total apportioned or budgetary resource amounts. Therefore, no further actions are required to recover or adjust the amounts obligated for these projects. The Department has determined that these technical violations contained no willful or knowing intent on the part of any individual to violate 31 U.S.C. 1517(a). Gaps in certain internal and administrative control of funds were the primary cause of the violations. Because the violations described above were due to procedural shortcomings rather than the actions of any particular Department individual, no disciplinary action against any Department employee is necessary.


The Department is taking a series of actions to remedy both the specific violations of 31 U.S.C. 1517(a), as well as the procedural issues that led to the violations. The gaps in administrative control resulted primarily from category B activities apportioned by OMB which did not align with existing and historical Departmental controls for execution.

In addition, the Department is taking steps to improve the alignment of approved reprogramming's and Congressional notifications to the preparation of apportionment requests and approvals. For example, as part of these improvements, the Department is requiring additional steps on reprogramming approvals to determine whether there is a need for corresponding reappportionment or apportionment actions. The Department is also implementing changes to the Department's financial systems to further align and improve the administrative control of funds relative to the approved apportionment. Specifically, new and more stringent budget control hierarchies have been implemented in the financial systems, and funding allocations will only be processed in the financial system upon receipt and review of an approved apportionment, where necessary, for the associated reprogramming or Congressional notifications.

We are unwavering in our commitment to stewardship of the assets entrusted to us and accountability to the American public, and therefore recognize the seriousness of any funds control violation. We have made it a top priority to identify the causes associated with these violations and take actions to correct weaknesses in our procedures and systems. As required by statute, we are also by similar letter informing Congress and the Government Accountability Office of these violations.

Please let us know if we can be of further assistance.

Sincerely,



Patrick F. Kennedy  
Under Secretary for Management