



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

APR 1 2015

The Honorable Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, NW.
Washington, D.C. 20548

Dear Comptroller Dodaro:

This letter reports a violation of the Antideficiency Act (ADA) by the U.S. Department of Agriculture's (USDA) Forest Service, as required by 31 U.S.C. § 1517(b).

A violation of 31 U.S.C. §1517(a) occurred at the apportionment level in account 12-14X5573, Energy Policy Act Pilot (EPAP), in the amount of \$6,781.90. The violation occurred between December 31, 2012, and January 31, 2013, in connection with processing payroll for fiscal year (FY) 2013.

The agency has determined that the violation resulted from no willful or knowing intent on the part of the responsible officials or employees to violate ADA. Internal control weaknesses that contributed to the violation have been sufficiently addressed to prevent its recurrence, and the Chief of the Forest Service certified in the most recent Annual Assurance Certification Statement that the agency is in compliance with the Federal Financial Management Improvement Act, the Federal Managers' Financial Integrity Act, and OMB Circular A-123 guidance for internal controls.

Background

Under the 2005 Energy Policy Act, the U.S. Department of the Interior's Bureau of Land Management (BLM) transferred funds in FY 2012 to the Forest Service EPAP account to support implementation of energy pilot projects. These projects occurred on four National Forests in three Regions. The Forest Service used the funds transferred from BLM to charge payroll to the EPAP account for as many as 18 employees at the Regional and Forest levels. However, after the FY 2012 funds and carryover balances were depleted, the Forest Service continued charging FY 2013 payroll to the EPAP account resulting in an over-obligation. Additional funding from BLM was not approved until January 31, 2013.

The Forest Service did not immediately learn of the over-obligation because it was implementing a new accounting system and did not have access to current budget authority for each account. From November 1, 2012, through January 2013, automated financial system reports were not available for budget analysts and program managers to provide the field with their account balance or rate of spending. Although manual records were being kept at the field level outside

of the accounting system, there was no central point for precise tracking of cost allocations charged to this account.

In late December 2012, the Forest Service was able to begin interfacing their payroll information for the five pay periods in November and December. Between December 31, 2012, and January 31, 2013, the Forest Service reported obligations in excess of the balance of the EPAP funds transferred to the agency from BLM. Initial reports indicated that the Forest Service spent \$6,781.90 in excess of the \$72,160.95 carried over from FY 2012.

On January 16, 2013, the overspent account was discovered and all transactions were verified to the general ledger and reviewed to ensure that the balances were correctly calculated. Allocated payroll costs were identified as the reason for the overage. Once the overage was discovered, the line officers responsible for approving payroll were immediately contacted and directed to stop using the account until a true balance was known and to approve no further spending until BLM provided additional funds for FY 2013.

Responsible Officer and Administrative Discipline

Ultimately, the Chief Financial Officer (CFO) of the Forest Service, Thelma Strong, has full responsibility for fund balances and fiscal control. Because the violation was not deliberate or intentional and was instead the result of weaknesses in internal control procedures during the implementation of a new financial management system, no administrative discipline has been imposed on Ms. Strong.

Corrective Action

Upon discovery of the violation in January 2013, the administrative actions taken immediately by the Forest Service included the following:

- 1) Line officers could no longer charge any program costs to this account;
- 2) Field budget officers were asked to increase their monitoring of the account by strengthening communications with the employees and line officers who were responsible for working on the pilot project;
- 3) The Budget Execution Branch was directed by the CFO to perform an analysis to ascertain the accuracy of the payroll charges, monitor the EPAP account daily to ensure no further obligations occurred, and ensure that a non-expenditure transfer was immediately requested from the BLM; and
- 4) The Budget Execution Branch was also directed by the CFO to perform a status of funds, including projections based on a daily spending rate, on all Treasury accounts to validate that other accounts were not at risk of being in violation of the ADA. Each Treasury account now

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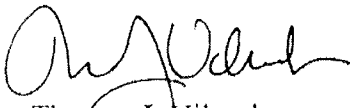
has an account manager who monitors account balances daily, reviews spending rates and budget authority with program managers, and elevates concerns to a supervisor.

These actions have strengthened the control procedures for monitoring all account balances to ensure that an ADA violation does not happen again. The EPAP account is the only account that has been deficient since the Forest Service transitioned to the new financial management system in November 2012.

Finally, since this violation occurred, the agency performed OMB Circular A-123 internal control reviews in FY 2012 and 2013 and found no material weaknesses. The agency also received an unqualified opinion on its financial statements for both fiscal years, marking the twelfth consecutive unqualified audit opinion from independent auditors approved by USDA's Office of Inspector General. Based on these unqualified opinions and the A-123 reviews, the Forest Service can provide reasonable assurance that internal controls are operating effectively.

Identical letters are being sent to the President, the President of the Senate, and the Speaker of the House of Representatives.

Sincerely,



Thomas J. Vilsack
Secretary