



UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

OCT 18 2016

COMPTROLLER

The Honorable Gene Dodaro
Comptroller General of the United States
Washington, DC 20548

Dear Mr. Dodaro:

This letter reports multiple violations of the Antideficiency Act (ADA), Army case number 15-02 (enclosed), as required by 31 U.S.C. 1351. The violations involved fiscal year (FY) 2012 Operations and Maintenance, Army (OMA), Overseas Contingency Operations funding in the Military Intelligence Program. The violations totaled \$93.4 million and occurred within the Army G2, and Intelligence Support Command. In this case, Army G2 improperly obligated OMA funds to develop a new software system that became known as Red Disk. The Army G2 also failed to comply with the new start provisions of section 8076 of the Department of Defense Appropriations Act, 2012 (Division A of P.L. 112-74) resulting in an uncorrectable violation of 31 U.S.C. 1341(a)(1)(A).

The Army G2 improperly obligated OMA funds for two contract task orders intended to integrate eleven intelligence quick reaction capabilities into a standard Intelligence Community cloud computing environment. The task orders should have been funded with Research, Development, Test and Evaluation (RDT&E) funds. The Army G2 identified sufficient unobligated FY 2012 RDT&E funding and executed a cost transfer to correct the accounting records. This aspect of the potential violation was corrected with substitution of RDT&E funds.

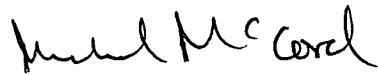
The Army G2 also violated section 8076 of the FY 2012 Department of Defense Appropriations Act. This section established a new start prohibition against funding programs, projects, or activities (PPA) that had not previously been identified to Congress. Section 8076 prohibits making funds available for obligation for a new PPA through reprogramming unless the PPA must be undertaken immediately in the interest of national security and only after written prior notification to the Congressional Defense Committees. The Army G2 failed to meet these two preconditions. The Army G2 failure to provide the required congressional notice resulted in a violation of both section 8076 and 31 U.S.C. 1341(a)(1)(A).

The Senior Science Advisor, INSCOM; Deputy Director Futures, INSCOM; Director, Resource Integration, Headquarters Department of the Army (HQDA) G2; and Chief, Budget & Execution Division, Resource Integration, HQDA G-2, were found responsible for the 31 U.S.C. 1341(a)(1)(A) violations. The Deputy Administrative Assistant to the Secretary of the Army issued Memorandum of Counseling to the Deputy Director Futures, INSCOM; Director, Resource Integration, HQDA G2; and Chief, Budget & Execution Division, Resource Integration HQDA G-2. The Senior Science Advisor, INSCOM was not disciplined. The individual is no longer employed by the U.S. Government. The violations contained no willful or knowing intent on the part of the responsible individuals to violate the ADA.

The G2 has instituted a number of corrective actions to preclude future incidents. The Army G2 eliminated the practice of sending Military Interdepartmental Purchase Requests (MIPRs) for intra-Army efforts where Funding Authorization Documents are more appropriate; amended MIPR procedures to include the Contractor Officers Representative approved scope of work statement (SOW) and language that precludes modification of the SOW without informing the certifying official; and refined the Contract Acquisition Review Board's contract and task order oversight and legal review to ensure that all changes in scope and contract actions over \$500,000 are reviewed.

Identical reports are also being submitted to the President (through the Director of the Office of Management and Budget), President of the Senate, and Speaker of the House of Representatives.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael McCord". The signature is written in a cursive, slightly slanted style.

Michael McCord

Enclosure:
As stated