



UNDER SECRETARY OF DEFENSE

1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

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

MAY 9 2012

Dear Mr. Dodaro:

This letter is to report a violation of the Antideficiency Act as required by title 31, U.S.C., section 1351. The United States Special Operations Command violation, case number 09-02, was in the amount of \$136,261,239.18.

Enclosed are copies of the letters transmitting a report of violation of title 31, U.S.C., section 1341. Copies were submitted to the President, the President of the Senate, the Speaker of the House of Representatives, and the Director of the Office of Management and Budget.

Sincerely,

A handwritten signature in cursive script that reads "Robert F. Hale".

Robert F. Hale

Enclosures:
As stated



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

COMPTROLLER

The Honorable Jeffrey Zients
Acting Director
Office of Management and Budget
Washington, DC 20503

MAY 9 2012

Dear Mr. Zients:

Enclosed are a letter and report transmitting a violation of title 31, U.S.C., section 1341, to the President. The Antideficiency Act violation, United States Special Operations Command (USSOCOM) case number 09-02, totaled \$136,261,239.18. This violation report is required by title 31, U.S.C., section 1351, to be submitted to the President through the Director of the Office of Management and Budget. USSOCOM did not receive a clean audit opinion during the fiscal years in which the violation occurred.

It was determined that the violation contained no willful or knowing intent on the part of the responsible parties to violate the Antideficiency Act. To comply with the aforementioned provisions, copies of the report are also being submitted to the President of the Senate, the Speaker of the House of Representatives, and the Comptroller General of the United States.

Sincerely,

A handwritten signature in cursive script that reads "Robert F. Hale".

Robert F. Hale

Enclosures:
As stated



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COMPTROLLER

The President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

MAY 9 2012

Dear Mr. President:

This letter reports a violation of the Antideficiency Act (ADA), United States Special Operations Command (USSOCOM) case number 09-02 (enclosed), as required by title 31, U.S.C., section 1351. The violation occurred within the Procurement, Defense-Wide, account 97*0300, during Fiscal Years 2004 through 2010 at the Special Operations Forces Support Activity, United States Army Special Operations Command, and the Technology Applications Contracting Office. The violation totaled \$136,261,239.18.

The violation occurred when the USSOCOM improperly obligated procurement funds rather than Research, Development, Test and Evaluation (RDT&E) Funds for a MH-60M helicopter development project. This project included the acquisition of the test article helicopter, test support, and engine design and development, which led to the inappropriate use of procurement funds. The use of procurement funds in lieu of RDT&E constituted a purpose statute violation, which resulted in a violation of title 31, U.S.C., section 1341, as the appropriate RDT&E account became overobligated.

Mr. John Shipley, Senior Executive Service (SES), Director; Ms. Ann Cahill, YA-03, Chief; Ms. Linda Diedrich DE-05, Contracting Officer; Ms. Hilda Fowler, YA-03, Contracting Officer; Mr. David Shrou, GS-12, Contracting Officer; and LTC Gregory Stewart, Product Manager, were found responsible for the violation. Disciplinary action is still pending against the SES, and will be forwarded to you as an addendum to this report once decided by the Department of the Army SES board. Disciplinary Officials determined administrative discipline was not appropriate for four individuals, but they directed them to attend fiscal law training. The sixth responsible individual, LTC Stewart, is retired and discipline was not imposed. The violation contained no willful or knowing intent on the part of the responsible parties to violate the ADA.

To prevent a recurrence of this type of violation, USSOCOM initiated a major restructuring of the organization. This restructuring is intended to increase the overall staffing and skill level at USSOCOM and preclude a recurrence of similar funding violations in the future.

Identical reports will be submitted to the President of the Senate, Speaker of the House of Representatives, Comptroller General of the United States, and Director of the Office of Management and Budget.

Respectfully yours,

Robert F. Hale



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COMPTROLLER

MAY 9 2012

The Honorable Joseph R. Biden, Jr.
President of the Senate
United States Senate
Washington, DC 20510

Dear Mr. President:

This letter reports a violation of the Antideficiency Act (ADA), United States Special Operations Command (USSOCOM) case number 09-02 (enclosed), as required by title 31, U.S.C., section 1351. The violation occurred within the Procurement, Defense-Wide, account 97*0300, during Fiscal Years 2004 through 2010 at the Special Operations Forces Support Activity, United States Army Special Operations Command, and the Technology Applications Contracting Office. The violation totaled \$136,261,239.18.

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Mr. John Shipley, Senior Executive Service (SES), Director; Ms. Ann Cahill, YA-03, Chief; Ms. Linda Diedrich DE-05, Contracting Officer; Ms. Hilda Fowler, YA-03, Contracting Officer; Mr. David Shrout, GS-12, Contracting Officer; and LTC Gregory Stewart, Product Manager, were found responsible for the violation. Disciplinary action is still pending against the SES, and will be forwarded to you as an addendum to this report once decided by the Department of the Army SES board. Disciplinary Officials determined administrative discipline was not appropriate for four individuals, but they directed them to attend fiscal law training. The sixth responsible individual, LTC Stewart, is retired and discipline was not imposed. The violation contained no willful or knowing intent on the part of the responsible parties to violate the ADA.

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Identical reports will be submitted to the President, Speaker of the House of Representatives, Comptroller General of the United States, and Director of the Office of Management and Budget.

Sincerely,

Robert F. Hale

Enclosure:

~~GAO/ADA~~ 12-13



UNDER SECRETARY OF DEFENSE

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COMPTROLLER

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

MAY 9 2012

Dear Mr. Speaker:

This letter reports a violation of the Antideficiency Act (ADA), United States Special Operations Command (USSOCOM) case number 09-02 (enclosed), as required by title 31, U.S.C., section 1351. The violation occurred within the Procurement, Defense-Wide, account 97*0300, during Fiscal Years 2004 through 2010 at the Special Operations Forces Support Activity, United States Army Special Operations Command, and the Technology Applications Contracting Office. The violation totaled \$136,261,239.18.

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Mr. John Shipley, Senior Executive Service (SES), Director; Ms. Ann Cahill, YA-03, Chief; Ms. Linda Diedrich DE-05, Contracting Officer; Ms. Hilda Fowler, YA-03, Contracting Officer; Mr. David Shrout, GS-12, Contracting Officer; and LTC Gregory Stewart, Product Manager, were found responsible for the violation. Disciplinary action is still pending against the SES, and will be forwarded to you as an addendum to this report once decided by the Department of the Army SES board. Disciplinary Officials determined administrative discipline was not appropriate for four individuals, but they directed them to attend fiscal law training. The sixth responsible individual, LTC Stewart, is retired and discipline was not imposed. The violation contained no willful or knowing intent on the part of the responsible parties to violate the ADA.

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Robert F. Hale

Enclosure:

~~CAO ADA~~ 12-13



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SEP 30 2012

COMPTROLLER

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

Dear Mr. Dodaro:

This letter is an addendum to the Antideficiency Act violation report on United States Special Operations Command case number 09-02, submitted to your office on May 9, 2012, reporting a violation in the amount of \$136,261,239.18. At the time the original report was submitted, disciplinary action was still pending on a member of the Senior Executive Service, Mr. John Shipley.

Disciplinary action has been imposed, and documented in the updated section 13 of the Report of Violation. In summary, the United States Army Deputy Chief Management Officer sent Mr. Shipley a written letter of admonishment.

Enclosed are the revised letters and report as required by title 31, U.S.C., section 1341. The President of the Senate and the Speaker of the House of Representatives will be receiving addendum letters. The President, through the Acting Director of the Office of Management and Budget (OMB), will be receiving a revised letter and report to replace the original letter and report that OMB is currently holding. OMB opted not to transmit the letter and report to the President until final disposition of the disciplinary action was documented.

Sincerely,

Robert F. Hale

Enclosures:
As stated





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SEP 30 2012

The Honorable Jeffrey Zients
Acting Director
Office of Management and Budget
Washington, DC 20503

Dear Mr. Zients:

Enclosed is a revised letter and report to the President resubmitting the United States Special Operations Command Antideficiency Act violation report, case number 09-02, in the amount of \$136,261,239.18 to replace the letter and report you are currently holding. At the time of the original submission, dated May 9, 2012, disciplinary action was still pending for Mr. John Shipley, a member of the Senior Executive Service. The revised letter and report now reflect the disciplinary action imposed on him in paragraph 3 of the President's letter, and section 13 of the report.

Sincerely,

Robert F. Hale

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The enclosed violation occurred when the USSOCOM improperly obligated procurement funds rather than Research, Development, Test and Evaluation (RDT&E) Funds for a MH-60M helicopter development project. This project included the acquisition of the test article helicopter, test support, and engine design and development, which led to the inappropriate use of procurement funds. The use of procurement funds in lieu of RDT&E constituted a purpose statute violation, which resulted in a violation of title 31, U.S.C., section 1341, as the appropriate RDT&E account became overobligated.

Mr. John Shipley, Senior Executive Service, Director; Ms. Ann Cahill, YA-03, Chief; Ms. Linda Diedrich DE-05, Contracting Officer; Ms. Hilda Fowler, YA-03, Contracting Officer; Mr. David Shrout, GS-12, Contracting Officer; and Lieutenant Colonel (LTC) Gregory Stewart (Retired), Product Manager were found responsible for the violation. The disciplinary official issued Mr. Shipley a written letter of admonishment and determined discipline was not appropriate for four individuals, but directed them to attend fiscal law training. The sixth responsible individual, LTC Stewart, is retired and discipline was not imposed. The violation contained no willful or knowing intent on the part of the responsible parties to violate the ADA.

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United States Senate
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Speaker of the House
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