



COMPTROLLER

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

SEP - 6 2013

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

Dear Mr. Dodaro:

This letter is to report a violation of the Antideficiency Act (ADA) as required by title 31, U.S.C., § 1351. The Department of the Army violation, case number 11-07, was in the amount of \$130,280,000.00. Enclosed is a copy of the Army's report of violation.

Copies of the report are also being 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



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

SEP 6 2013

The Honorable Sylvia Mathews Burwell
Director
Office of Management and Budget
Washington, DC 20503

Dear Ms. Burwell:

Enclosed is a letter to the President transmitting a report on a violation of title 31, U.S.C., § 1341. The Antideficiency Act violation, Army case number 11-07, totaled \$130,280,000.00. This violation report is required by title 31, U.S.C., § 1351, and is to be submitted to the President and Congress. 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.

The Army did not receive a clean audit opinion during the fiscal year 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.

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1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

SEP - 6 2013

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

Dear Mr. President:

This letter reports a violation of the Antideficiency Act (ADA), Army case number 11-07 (enclosed), as required by title 31, U.S.C., § 1351. The violation involved the Fiscal Year (FY) 2005 Military Personnel, Army (MPA) appropriation, account 2152010, and occurred within the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) during FY 2005. This violation involves the making of an obligation that exceeds an appropriation. The violation totaled \$130,280,000.00.

The violation of the ADA (title 31, U.S.C., § 1341(a)(1)(A)) occurred when it was discovered that only 11 of 12 payments to the Medicare-Eligible Retiree Health Care Fund (MERHCF) were made by the Army for FY 2005 using FY 2005 MPA funds. Due to inadequate oversight of the MPA appropriation by the Army, an additional payment for FY 2004 was made with FY 2004 funds, and then credited as the first payment for FY 2005. When the mistake was discovered the extra FY 2004 payment was deobligated. As a result, there were insufficient FY 2005 funds available to cover the FY 2005 deficiency. The Office of the Deputy Chief of Staff, G-1 (DCS, G-1), which was responsible for managing execution of the appropriation, did not establish proper fund controls for the appropriation that was administered as a centrally managed allotment. The lack of management controls caused total obligations in the FY 2005 MPA account to exceed the appropriation's obligation authority by \$130,280,000. The Army did not have sufficient unobligated FY 2005 MPA funds to fully cover the "12th" month contribution to the MERHCF.

LTG Hagenbeck (Retired), DCS, G-1, and Joseph Dailey, former Chief, Military Personnel Division (currently employed by the Department of Transportation (DOT)), were found responsible for the violation. Both were required to institute fund control procedures and practices that would have insured sufficient oversight of MERHCF contributions and may have prevented the ADA violation. As both persons are no longer employed by the Department of the Army, officials determined that it would not be appropriate to impose administrative discipline. There was no willful or knowing intent on the part of the responsible parties to violate the ADA.

A reprogramming action was approved by the Office of Management and Budget on September 16, 2010, to provide sufficient funds for the FY 2005 MPA to enable the Army to cover the MERHCF deficiency. In FY 2006 the Army began making annual MERHCF contributions at the beginning of each FY. Consequently, the contributions are now paid in full on the first day of the FY ensuring that an ADA violation does not occur.

Identical reports are being 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,

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

Robert F. Hale

Enclosure:
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COMPTROLLER

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

SEP 6 2010

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), Army case number 11-07 (enclosed), as required by title 31, U.S.C., § 1351. The violation involved the Fiscal Year (FY) 2005 Military Personnel, Army (MPA) appropriation, account 2152010, and occurred within the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) during FY 2005. This violation involves the making of an obligation that exceeds an appropriation. The violation totaled \$130,280,000.00.

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SEP 6 2010

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

Dear Mr. Speaker:

This letter reports a violation of the Antideficiency Act (ADA), Army case number 11-07 (enclosed), as required by title 31, U.S.C., § 1351. The violation involved the Fiscal Year (FY) 2005 Military Personnel, Army (MPA) appropriation, account 2152010, and occurred within the Office of the Assistant Secretary of the Army (Financial Management and Comptroller) during FY 2005. This violation involves the making of an obligation that exceeds an appropriation. The violation totaled \$130,280,000.00.

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