

Secretary

U.S. Department of Homeland Security
Washington, DC 20528



Homeland
Security

May 28, 2014

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

Re: Preparedness Directorate *Antideficiency Act* Violation #DHS-07-01

Dear Mr. Dodaro:

This letter is to report violations of the *Antideficiency Act* as required by Title 31, United States Code (U.S.C.), Sections 1351 and 1517 (b), by the Department of Homeland Security (DHS) former Preparedness Directorate. Twenty one violations occurred during fiscal year 2006 in the Management and Administration, and Infrastructure Protection and Information Security Accounts, Treasury Symbols 70/0911 and 70X0565 respectively, in the amount of \$28,273,975.

In December 2011, the DHS Office of Inspector General (OIG) and Chief Financial Officer completed their investigation on this matter, finding that the Department violated 31 U.S.C. Sections 1301, 1341 (a)(1)(A), and 1517(a) when it pooled program appropriations to fund shared administrative services. Additionally, the transactions violated 31 U.S.C. Section 1532 and Section 503 of the fiscal year 2006 DHS Appropriations Act, Public Law 109-90. The investigation concluded that these transactions constituted a violation of the *Antideficiency Act*.

The Preparedness Directorate was formed as part of the internal reorganization of the Department. The Directorate's fiscal year 2006 budget was neither formulated correctly, nor did it establish adequate internal control processes and procedures to prevent these violations from occurring. Additionally, the Chief of Financial Management for the Preparedness Directorate was on medical leave when these violations occurred and the acting staff did not have the necessary expertise. The Directorate was further reorganized in the Post Katrina Reorganization Act, with elements being dispersed to the Federal Emergency Management Agency, Office of Health Affairs, and the National Protection and Programs Directorate (NPPD).

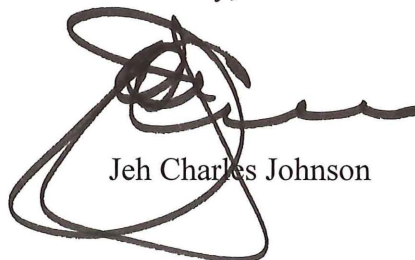
After the conclusion that an *Antideficiency Act* violation occurred, the OIG and the Department reviewed the incident to determine responsible parties. The Department did not

concur with all of the individuals in the DHS OIG determination. The Department investigation identified the former Director of Business Operations, Eric Myers, as responsible for this violation, but found no evidence that Mr. Myers acted with knowledge or willful intent to violate the law. Because there is no evidence of knowledge or willful intent and the individual is no longer in a position responsible for financial oversight, no disciplinary action was taken.

The Department has taken corrective action to prevent future violations by improving its policies and procedures, including the issuance of the DHS-wide *Administrative Control of Funds* regulation in February 2010. As recommended by the OIG, NPPD, the postliminary holder of the Management and Administration and Infrastructure Protection and Information Security accounts, has developed written procedures for Funds Control and Financial Management Processing, Procedures for Reporting *Antideficiency Act* Violations, and Procedures for Processing Purchase Requisitions and Obligating Documents. Further, NPPD has increased its focus on monitoring internal controls, performing additional assessment and monitoring activities over financial operations.

An identical copy of this letter is being sent to the President, President of the Senate, and the Speaker of the House of Representatives. A copy of this letter is also being provided to the Director of Office of Management and Budget.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Jeh Charles Johnson'. The signature is highly stylized and somewhat illegible due to the cursive and overlapping lines.

Jeh Charles Johnson