



United States Department of Agriculture

Office of the Secretary  
Washington, D.C. 20250

APR 06 2017

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

Dear Mr. Dodaro:

This letter is to report violations of the Anti-Deficiency Act (ADA), as required by Section 1351 of Title 31, United States Code. The violations of 31 U.S.C. § 1341 occurred in account 12X4609 for the United States Department of Agriculture's (USDA) Working Capital Fund, National Finance Center managed by the Office of the Chief Financial Officer (OCFO).

General Provision (GP) 706 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2016, Pub. L. 114-113, Div. A (Dec. 18, 2015), prohibits the Department of Agriculture from making certain obligations for Information Technology (IT) projects without the prior written approval of the Chief Information Officer (CIO). Specifically, GP 706 states, "None of the funds available to the Department of Agriculture for information technology shall be obligated for projects, contracts, or other agreements over \$25,000 prior to receipt of written approval by the Chief Information Officer." Pub. L. 114-113, Div. A, § 706. Accordingly, GP 706 effectively makes zero funds available to the OCFO for any information technology obligations over \$25,000 unless and until the OCFO had obtained the CIO's written approval for such obligations.

There were four modifications in fiscal year 2016 to OCFO's IT contract with Dykon Computer Help Center. The actions were approved by the Deputy Chief Financial Officer (DCFO) and obligated funds in excess of \$25,000, and in the absence of the CIO's prior written approval. The first three modifications added funds to option year two of the contract (covering April 1, 2015 through March 31, 2016) in the following amounts: \$88,320, \$44,160, and \$132,480. The last modification exercised option year three of the contract and obligated \$529,920 covering April 1, 2016 through March 31, 2017. These modifications violate the CIO approval requirement of GP 706 and, therefore, also violate the ADA. Section 1341 of the ADA states, "[a]n officer or employee of the United States Government . . . may not make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation." 31 U.S.C. § 1341(a)(1)(A). Zero dollars were available for the four unapproved modifications, each of which obligated more than \$25,000 of OCFO funds.

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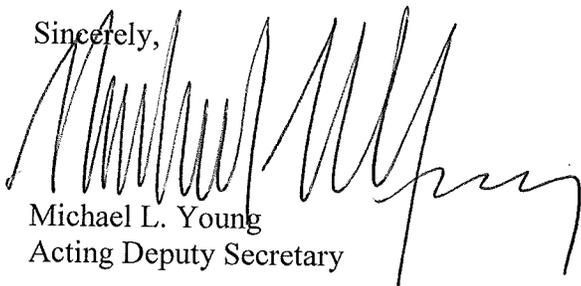
On August 24, 2016, USDA's Office of the General Counsel (OGC) determined OCFO violated 31 U.S.C. § 1341(a)(1)(A) four times in fiscal year 2016 by executing contract modifications; each of which obligated more than \$25,000 to an IT contract before OCFO had received the CIO's written approval for the modifications. These violations must be reported to you, the Congress, and the Comptroller General, pursuant to 31 U.S.C. § 1351, and according to the direction provided in Office of Management and Budget (OMB) Circular No. A-11, section 145.

The OCFO has determined that there was no willful or knowing intent on the part of the DCFO to violate the Anti-Deficiency Act. OCFO uses a decision memorandum process to approve planned IT obligations and expenditures prior to moving them through the Office of the Chief Information Officer's Acquisition Approval Review (AAR) process. The deficient control was a lack of validation of the AAR approval by the DCFO who was the authorizing official. This weakness has been addressed through additional training of the DCFO, modification to the approval memorandum format, and implementation of an additional compliance review process. The system of administrative control for IT obligations is deemed adequate.

If you have any questions or need additional information, please have your staff contact the Office of the Chief Financial Officer at (202) 720-5539.

Identical reports are being submitted to President Donald Trump, the President of the Senate Mike Pence, and the Speaker of the House of Representatives Paul Ryan.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael L. Young". The signature is stylized and cursive, with a long horizontal stroke at the end.

Michael L. Young  
Acting Deputy Secretary