



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

SEP 19 2012

Dear Mr. Dodaro:

This letter is to report a violation of the Antideficiency Act (ADA) as required by title 31, U.S.C., section 1351. The Department of the Army violation, case number 11-04, was in the amount of \$8,000,000.00.

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,

Robert F. Hale

Enclosures:

As stated



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WASHINGTON, DC 20301-1100

COMPTROLLER

SEP 19 2012

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

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, Army case number 11-04, totaled \$8,000,000.00. 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. 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. 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,

Robert F. Hale

Enclosures:
As stated



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WASHINGTON, DC 20301-1100

COMPTROLLER

SEP 19 2012

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 11-04 (enclosed), as required by title 31, U.S.C., section 1351. The violation in the Operation and Maintenance, Army (OMA) appropriation, account 2172020, was incurred by the U.S. Army Corps of Engineers (USACE) at the U.S. Army Installation Management Command (IMCOM). The violation totaled \$8,000,000.00.

The violation occurred when the USACE Fort Worth District advanced \$8 million of Fiscal Year 2007 OMA funds, that it received from IMCOM, to a developer for the construction of a classified information facility in a leased building on Fort Sam Houston, Texas. The developer was constructing an office building on the installation pursuant to an enhanced use lease. As the Army lacked sufficient office facilities, it subleased the property and building from the developer. The military unit that was going to move into the building required this classified information facility. The Army decided to directly fund the construction, which cost \$8 million. This construction constituted military construction, and therefore required project authorization from Congress and funding with Military Construction funds. The improper funding of the project resulted in a violation of title 31, U.S.C., section 1341.

Mr. David M. Reed, Deputy Assistant Secretary of the Army (Installations and Housing), and Ms. Hyla J. Head, Chief Real Estate Division, were found responsible for the violation. Ms. Head received an oral reprimand and Mr. Reed is no longer employed by the Federal Government. 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, the Army has issued several policy changes. These changes address enhanced use leasing on military installations and policy and procedures regarding Army leases of building that require tenant improvements.

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



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

COMPTROLLER

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

SEP 19 2012

Dear Mr. President:

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Sincerely,

Robert F. Hale



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WASHINGTON, DC 20301-1100

COMPTROLLER

SEP 19 2012

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

Dear Mr. Speaker:

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Robert F. Hale