Report No. D-2008-082 April 25, 2008

Inspector General
United States
Department of Defense

Summary Report on Potential Antideficiency Act Violations Resulting From DoD Purchases Made Through Non-DoD Agencies (FY 2004 Through FY 2007)

Additional Copies

To obtain additional copies of this report, visit the Web site of the Department of Defense Inspector General at http://www.DoDig.mil/audit/reports or contact the Secondary Reports Distribution Unit at (703) 604-8937 (DSN 664-8937) or fax (703) 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Office of the Deputy Inspector General for Auditing at (703) 604-9142 (DSN 664-9142) or fax (703) 604-8932. Ideas and requests can also be mailed to:

ODIG-AUD (ATTN: Audit Suggestions)
Department of Defense Inspector General
400 Army Navy Drive (Room 801)
Arlington, VA 22202-4704

Acronyms

ADA	Antideficiency Act
DOI	Department of the Interior
FMR	Financial Management Regulation
GAO	Government Accountability Office
GSA	General Services Administration
IG	Inspector General
MIPR	Military Interdepartmental Purchase Request
NASA	National Aeronautics and Space Administration
NIH	National Institutes of Health
OGC	Office of the General Counsel
OIG	Office of Inspector General
O&M	Operations and Maintenance
OUSD(C)/CFO	Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer
RDT&E	Research, Development, Testing, and Evaluation
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer
VA	U.S. Department of Veterans Affairs

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202–4704

April 25, 2008

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE
(COMPTROLLER)/CHIEF FINANCIAL OFFICER

SUBJECT: Summary Report on Potential Antideficiency Act Violations Resulting From DoD Purchases Made Through Non-DoD Agencies (FY 2004 Through FY 2007) (Report No. D-2008-082)

We are providing this report for review and comment. The Under Secretary of Defense (Comptroller)/Chief Financial Officer comments were partially responsive. We considered management comments on a draft of this report when preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. We request that the Under Secretary of Defense (Comptroller)/Chief Financial Officer reconsider her previous comments and provide revised comments on Recommendation 1.d. by May 27, 2008.

If possible, please send management comments in electronic format (Adobe Acrobat file only) to AudACM@DoDIG.mil. Copies of the management comments must contain the actual signature of the authorizing official. We cannot accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, they must be sent over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Questions should be directed to Terry L. McKinney at (703) 604-9288 (DSN 664-9288) or Ms. Christine M. McIsaac at (703) 604-9233 (DSN 664-9233). See Appendix G for the report distribution. The team members are listed inside the back cover.

Richard B. Jolliffe
Assistant Inspector General
Acquisition and Contract Management

Department of Defense Office of Inspector General

Report No. D-2008-082 **April 25, 2008**
(Project No. D2007-D000CF-0237.000)

Summary Report on Potential Antideficiency Act Violations Resulting From DoD Purchases Made Through Non-DoD Agencies (FY 2004 Through FY 2007)

Executive Summary

Who Should Read This Report and Why? DoD contracting officials, program managers, and financial managers should read this report because it discusses widely misunderstood DoD guidance on funding purchases made through non-DoD agencies as well as DoD requirements regarding the reviewing and investigating of potential funding violations.

Background. This audit was performed in accordance with various public laws. Public Law 108-375, "Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005," October 28, 2004, section 802, directs the Inspectors General for the DoD and General Services Administration to jointly assess whether the policies, procedures, and internal controls of each General Services Administration Client Support Center were in place and administered properly. Public Law 109-163, "National Defense Authorization Act for Fiscal Year 2006," January 6, 2006, section 811, directs the Inspectors General for the DoD and each covered non-DoD agency (the Department of the Interior, the National Aeronautics and Space Administration, and the Department of the Treasury) to jointly review the administration and effectiveness of policies, procedures, and internal controls applicable to the procurement of property and services on behalf of the DoD by such non-Defense agencies. Public Law 109-364, "John Warner National Defense Authorization Act for Fiscal Year 2007," section 817, directs the Inspectors General of the DoD and each covered non-DoD agency (the National Institutes of Health and the U.S. Department of Veterans Affairs) to jointly review the administration and effectiveness of policies, procedures, and internal controls applicable to the procurement of property and services on behalf of the DoD by such non-Defense agencies.

Over the last 4 years, the DoD Office of Inspector General issued 10 reports addressing FY 2004 through FY 2007 DoD purchases through non-DoD agencies. These reports address whether the funding policies, procedures, and internal controls of each activity selected for review were in place, compliant, and properly administered. Overall, we reviewed six non-DoD agencies purchasing goods and services on behalf of DoD. The non-DoD agencies processed approximately 91,000 purchases from FY 2004 through FY 2007, valued at approximately $12.0 billion. At these agencies, we reviewed 658 purchases valued at approximately $1.3 billion.

Results. Our audits revealed that DoD organizations continued to violate the bona fide needs rule and purpose statute when making purchases through non-DoD agencies leading to potential Antideficiency Act violations. Reports prepared by the DoD Office of Inspector General identified 493 potential Antideficiency Act violations, valued at $518.5 million, relating to the funding of DoD purchases made at or by non-DoD agencies. Specifically, DoD organizations used prior year funds to purchase current year

requirements, and in some instances, used the wrong types of funds to procure goods and services. DoD organizations prepared vague and incomplete military interdepartmental purchase requests when transferring funds to non-DoD agencies. Additionally, DoD organizations made advance payments to non-DoD agencies for goods and services not yet received. Finally, DoD did not complete Antideficiency Act investigations as required by DoD Regulation 7000.14-R, "Financial Management Regulation." As a result, lower organizational levels (DoD organizations and non-DoD agencies) are not fully aware of the correct procedures to fund purchases and they can continue to take actions that could create potential Antideficiency Act violations. The Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer needed to update DoD Regulation 7000.14-R, "Financial Management Regulation," and oversee Antideficiency Act investigations to ensure they are finalized timely. Also, the DoD Office of General Counsel, the Under Secretary of Defense for Personnel and Readiness, and the Under Secretary of Defense (Comptroller)/Chief Financial Officer need to work with the U.S. Office of Personnel Management to develop the applicable authority to discipline the organizations, individuals, or both that commit funding problems that could lead to potential Antideficiency Act violations. (See the Finding section of the report for the detailed recommendations.)

We identified material internal control weaknesses. The Under Secretary of Defense (Comptroller)/Chief Financial Office had not issued clear guidance on the bona fide needs rule and purpose statute when using franchise funds. Most DoD organizations visited during our audits potentially violated either the bona fide needs rule or purpose statute, which could lead to Antideficiency Act violations. Implementing the recommendations in this report should improve financial procedures for using non-DoD agencies and should correct the material funding weaknesses identified. A copy of this report will be provided to the senior official responsible for internal controls in the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Office.

Management Actions Taken During the Audit. The Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer has recognized funding problems identified by DoD Office of Inspector General reports on interagency acquisitions and has taken corrective actions to address most issues. In March 2007, the Under Secretary of Defense (Comptroller)/Chief Financial Officer issued a memorandum to stop advance payments. In May 2007, the Under Secretary formed a task force to review each bona fide needs rule violation to develop policies, procedures, and an audit trail to correct and adjudicate each potential Antideficiency Act violation. Finally, in February 2008, the Under Secretary updated DoD Regulation 7000.14-R, "Financial Management Regulation," to reflect current guidance on purchases made by non-DoD agencies.

Management Comments and Audit Response. The Assistant Deputy Under Secretary of Defense (Financial Management), responding for the Under Secretary of Defense (Comptroller)/Chief Financial Officer, concurred with the recommendation to update the DoD 7000.14-R, "Financial Management Regulation." The Assistant Deputy also concurred with the recommendations to determine why formal investigations were not completed in required time frames and to closely monitor formal investigations.

The Assistant Deputy partially concurred with the recommendation to obtain statutory authority to discipline individuals or organizations that commit funding problems that could lead to Antideficiency Act violations. The Assistant Deputy stated that the Under Secretary of Defense (Comptroller)/Chief Financial Officer cannot require Components to impose a specific penalty for a particular type of fiscal violation. She stated that the

Under Secretary will request the Under Secretary of Defense for Personnel and Readiness to issue policy requiring that the Components address misconduct resulting in Antideficiency Act or bona fide needs violations within regulatory tables or within other appropriate regulatory issuances. Finally, the Under Secretary will continue ongoing efforts at strengthening internal controls such as offering training and issuing clear, consistent policies.

The Assistant Deputy Under Secretary of Defense (Financial Management) comments did not fully address the recommendation. Most DoD organizations audited committed potential Antideficiency Act violations, but took corrective actions to address the issues. However, we continue to believe that a statutory requirement is necessary to discipline individuals or organizations that repeatedly violated the bona fide needs rule and then correct the violation if they are caught. Obtaining statutory requirements will encourage personnel to act in a responsible manner. The Assistant Deputy's response states that she will ask the Under Secretary of Defense for Personnel and Readiness to issue policy instead of ensuring statutory authority exists to discipline personnel who repeatedly violate the bona fide needs rule. Throughout the audit, she and the DoD Office of General Counsel maintained that DoD had no authority to discipline employees for bona fide needs violations. A statutory requirement that allows DoD to discipline individuals and organizations that repeatedly violate the bona fide needs rule would assist in strengthening internal controls.

We request that the Under Secretary of Defense (Comptroller)/Chief Financial Officer reconsider her response and provide comments by May 27, 2008.

Table of Contents

Background

This audit was performed in accordance with various public laws. Public Law 108-375, "Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005," October 28, 2004, section 802, directs the Inspectors General (IG) for the DoD and General Services Administration (GSA) to jointly assess whether the policies, procedures, and internal controls of each GSA Client Support Center were in place and administered properly. The Inspectors General must also jointly determine in writing whether each center is compliant with Defense procurement requirements, and if it is not, whether the center made significant progress in becoming so.

Public Law 109-163, "National Defense Authorization Act for Fiscal Year 2006," January 6, 2006, section 811, directs the Inspectors General for the DoD and each covered non-DoD agency, the Department of the Interior (DOI), the National Aeronautics and Space Administration (NASA), and the Department of the Treasury (Treasury), to jointly review the administration and effectiveness of policies, procedures, and internal controls applicable to the procurement of property and services on behalf of the DoD by such non-Defense agencies. The Inspectors General must also determine in writing whether such non-Defense agencies are compliant with Defense procurement requirements, and if they are not, determine whether they have a program or initiative to significantly improve their compliance.

Public Law 109-364, "John Warner National Defense Authorization Act for Fiscal Year 2007," section 817, directs the Inspectors General of the DoD and each covered non-DoD agency, the National Institutes of Health (NIH) and the U.S. Department of Veterans Administration (VA), to jointly review the administration and effectiveness of policies, procedures, and internal controls applicable to the procurement of property and services on behalf of the DoD by such non-Defense agencies. The Inspectors General must also determine in writing whether such non-Defense agencies are compliant with Defense procurement requirements, whether they are not compliant but have a program or initiative to significantly improve compliance, or whether they are not compliant to an extent that the interests of the DoD are at risk in procurements conducted by such non-Defense agencies.

For GSA, DOI, NIH, the Department of the Treasury, and VA, we reviewed the DoD procedures for funding purchases made by non-DoD agencies. This required following the funds from the time the funds left DoD until the funds were paid to the contractors by the non-DoD activity and ultimately reimbursed to the activities' working capital funds. For NASA, we reviewed the funding of purchases from NASA contracts that were managed by DoD contracting officers and DoD financial personnel (directed purchases).

Reports Summarized. Over the last 4 years, the DoD Office of Inspector General (OIG) issued 10 reports addressing DoD purchases through non-DoD agencies. This includes DoD IG Report No. D-2007-042, "Potential Antideficiency Act Violations on DoD Purchases Made Through Non-DoD Agencies," issued on January 2, 2007, which summarized funding issues from our

FY 2004 and FY 2005 reviews. The report identified 69 potential Antideficiency Act (ADA) violations during audits at the four agencies: GSA, DOI, NASA, and the Department of the Treasury. See Appendix E for details about the potential ADA violations identified in DoD IG Report No. D-2007-042. That report concluded that although DoD has taken many actions to improve controls over assisted DoD purchases through non-DoD contracts, DoD organizations did not initiate and complete preliminary reviews of potential ADA violations in a timely manner or fully recoup expired funds.

To comply with Public Law 108-375, the DoD OIG issued two reports on DoD purchases made through GSA. These reports addressed whether the policies, procedures, and internal controls of each GSA Client Support Center were in place and administered so that the centers were compliant with Defense procurement requirements for purchases awarded by GSA. Similarly, Public Law 109-163 required the DoD OIG to issue two reports on DoD purchases made through the DOI and the Department of the Treasury and one report on NASA. Finally, to comply with Public Law 109-364, the DoD OIG issued reports on purchases made through NIH and VA.

GSA Reports. The DoD IG issued Report No. D-2005-096, "DoD Purchases Made Through the General Services Administration," on July 29, 2005. In FY 2004, DoD sent approximately 24,000 military interdepartmental purchase requests (MIPR) to GSA, representing more than 85 percent of the business contracted by the client support centers. The GSA Federal Technology Service received approximately $8.5 billion for the Network Service Program, the client support centers, and other miscellaneous programs to purchase information technology equipment and services. In the fourth quarter of FY 2004, DoD sent more than $1.0 billion. For DoD IG Report No. D-2005-096, we reviewed 75 purchases funded by 144 MIPRs valued at about $406 million, which occurred primarily in the fourth quarter of FY 2004. See Appendix D for details about the 38 potential ADA violations identified in DoD IG Report No. D-2005-096.

The DoD IG issued Report No. D-2007-007, "FY 2005 DoD Purchases Made Through the General Services Administration," on October 30, 2006. In FY 2005, DoD sent approximately 20,505 MIPRs to GSA valued at approximately $3.0 billion. For DoD IG Report No. D-2007-007, we reviewed 56 purchases funded by 223 MIPRs valued at approximately $179 million. We identified an additional 12 potential ADA violations in our second audit (see Appendix E for details). Overall, the DoD IG identified 50 potential ADA violations at GSA.

DOI Reports. The DoD IG issued Report No. D-2007-044, "FY 2005 DoD Purchases Made Through the Department of the Interior," on January 16, 2007. In FY 2005, GovWorks and the Southwest Acquisition Branch contracting officials awarded approximately $2.5 billion in contracts, with DoD representing about 64 percent of the work. For DoD IG Report No. D-2007-044, we reviewed 49 contract actions, valued at approximately $277.1 million, awarded by GovWorks and the Southwest Acquisition Branch. We identified 22 potential ADA violations (see Appendix E for details).

The DoD IG issued Report No. D-2008-66, "FY 2006 and FY 2007 DoD Purchases Made Through the Department of the Interior" on March 19, 2008. From October 2006 through February 2007, DOI awarded 14,820 contract actions totaling $2.6 billion for other governmental activities. Of those contract actions, GovWorks awarded 6,606 contract actions, valued at $943 million, and the Southwest Acquisition Branch awarded 1,753 contract actions, valued at $628 million, on behalf of DoD. Contract actions awarded on behalf of DoD represented about $1.6 billion (56.4 percent) of the contract actions awarded by DOI. We reviewed 43 contract actions valued at $47.6 million, awarded from November 2006 through February 2007 at two DOI contracting activities, GovWorks and the Southwest Acquisition Branch. We also reviewed 50 additional GovWorks contract obligations, valued at $4.8 million for funding issues. We identified an additional 336 potential ADA violations in our second audit (see Appendix F for details). Overall, the DoD IG identified 358 potential ADA violations at DOI.

Department of the Treasury Reports. The DoD IG issued Report No. D-2007-032, "FY 2005 DoD Purchases Made Through the Department of the Treasury," on December 8, 2006. In FY 2005, DoD sent 9,199 MIPRs to the Department of the Treasury, valued at approximately $406 million. For DoD IG Report No. D-2007-032, we reviewed 61 task orders valued at about $37.8 million and funded with 110 MIPRs. We identified 21 potential ADA violations (see Appendix E for details).

The DoD IG issued Report No. D-2008-050, "FY 2006 DoD Purchases Made Through the Department of the Treasury," on February 11, 2008. In FY 2006, FedSource issued 26,344 contract actions for all customers representing $404.1 million. DoD organizations sent 4,533 MIPRs totaling $207.3 million to FedSource to fund DoD requirements. FedSource issued 12,354 contract actions on behalf of DoD in FY 2006 totaling $165.6 million. The DoD IG and Treasury OIG judgmentally selected 57 basic task orders valued at $24.1 million issued between July 1 and September 30, 2006, from 3 of the 6 FedSource centers. During this period, FedSource processed 251 task orders valued at $35.6 million. Including modifications, a total of 330 contract actions were issued by the 3 FedSource centers, totaling approximately $38.5 million. We selected 29 contract actions valued at $11.2 million for review and the Treasury auditors reviewed 28 contract actions valued at $12.9 million. We identified one additional ADA violation in our second audit (see Appendix F for details). Overall, the DoD IG identified 22 potential ADA violations at the Department of the Treasury.

NASA Report. The DoD IG issued Report No. D-2007-023, "FY 2005 DoD Purchases Made Through the National Aeronautics and Space Administration," on November 13, 2006. NASA established the Scientific and Engineering Workstation Procurement contracts for Federal agencies to use. The NASA Government-Wide Acquisition Contracts provide the latest in information technology products for all Federal agencies. DoD contracting officers were responsible for all DoD awards made using the NASA Scientific and Engineering Workstation Procurement contracts. In FY 2005, DoD contracting offices awarded 6,569 orders, valued at $343.2 million, against NASA contracts. For DoD IG Report No. D-2007-023, we reviewed 111 orders, valued at

approximately $85.9 million. The DoD IG identified 14 potential ADA violations at NASA (see Appendix E for details).

NIH Report. The DoD IG issued Report No. D-2008-022, "FY 2006 DoD Purchases Made Through the National Institute of Health," on November 15, 2007. During FY 2006, DoD placed 1,182 orders valued at $48.5 million on the Electronic Commodities Store III contracts. We reviewed 98 delivery orders valued at $33.2 million, which were for the purchase of commercial off-the-shelf supplies. The NIH Chief Information Officer-Solutions and Partners 2 Innovations contracts provide information technology systems and services. During FY 2006, DoD sent 96 MIPRs, valued at $90.9 million, for use of the NIH Chief Information Officer-Solutions and Partners 2 Innovations contracts. Those MIPRs were related to 28 task orders that have a potential task order ceiling value of $697.6 million. We reviewed all 28 task orders, which were for the purchase of services. The DoD IG identified 43 potential ADA violations at NIH (see Appendix F for details).

VA Report. The DoD IG issued Report No. D-2008-036, "FY 2006 DoD Purchases Made Through the U.S. Department of Veterans Affairs," on December 20, 2007. In FY 2006, DoD provided funds to the VA contracting activities to award 1,718 purchases of goods and services valued at $373.0 million. The Air Force is the largest DoD user of the VA, accounting for $327.0 million or 88 percent of the DoD purchases awarded through the VA in FY 2006. We reviewed a total of 58 purchases at DoD and VA activities funded by 124 MIPRs valued at approximately $128.3 million. Thirty-four of the 58 purchases were reviewed solely at DoD activities and 9 of the 58 purchases were reviewed solely at VA activities. We reviewed 15 purchases at both DoD and VA activities. We reviewed 49 purchases at DoD activities funded by 112 MIPRs valued at $121.7 million. The DoD IG identified 6 potential ADA violations at VA (see Appendix F for details).

Potential ADA Violations. The potential ADA violations identified in the 10 reports are summarized in this report. The table below illustrates the 493 potential ADA violations, valued at $518.5 million, identified by the DoD IG and provides a break out of the potential violations by DoD organizations owning the funds and the non-DoD agencies awarding contracts for DoD.

Potential ADA Violations by DoD Organization and Non-DoD Agency

	Army	Navy	Air Force	Combatant Command	DoD Agency and OSD*	Total by Agency
GSA	18	12	9	6	5	**50**
DOI	35	188	101	11	23	**358**
Treasury	4	5	5	5	3	**22**
NASA		1	1	8	4	**14**
NIH	20	6	3	4	10	**43**
VA	1		5			**6**
Total by DoD Organization	**78**	**212**	**124**	**34**	**45**	**493**

***Office of Secretary of Defense (OSD).

Funding Procedures. DoD uses DoD Form 448, MIPR, to transfer funds within the Services and to other Federal agencies. A MIPR is a request for materiel, supplies, or services and can be sent as either a direct citation of funds or through reimbursement of funds by DoD. Most of the MIPRs reviewed during our audits were reimbursable MIPRs to procure services and supplies. MIPRs are usually used to transfer funds to other Federal agencies under the authority of the Economy Act and in compliance with the DoD Financial Management Regulation (FMR), volume 11A, chapter 3, "Economy Act Orders." The Economy Act applies when more specific statutory authority does not exist. Each Economy Act order must be supported by a Determination and Finding and funds must be deobligated before the end of the period of availability of the appropriation if the ordering agency has not provided the goods or services or entered into a contract to provide the goods or services. However, MIPRs sending funds to the GSA Information Technology Fund, the Department of the Treasury Franchise Fund, DOI Franchise Fund, NIH Government Wide Acquisition Contract, and VA through the VA-DoD Health Care Resources Sharing Act are reimbursable orders and non-Economy Act orders. MIPRs sent to the DOI National Business Center, Southwest Acquisition Branch are Economy Act orders. Purchases made through NASA contracts were completed by DoD contracting officials and fund management was retained in DoD.

Objectives

Our overall audit objective was to review financial procedures used to fund DoD purchases from non-DoD contracts. Specifically, we examined whether fiscal law and financial procedures for purchases at DOI, GSA, NIH, the Department of the

Treasury, and VA were followed. We determined whether DoD financial managers and contracting personnel were properly managing funds related to NASA direct purchases. We also determined whether actions were taken in a timely manner to resolve potential ADA violations identified during our previous audits. See Appendix A for a discussion of the scope and methodology. See Appendix B for prior audit coverage related to the objectives.

Review of Internal Controls

We identified material internal control weaknesses as defined by DoD Instruction 5010.40, "Managers' Internal Control (MIC) Program Procedures," January 4, 2006. The Under Secretary of Defense (Comptroller)/Chief Financial Office (USD[C]/CFO) did not issue clear guidance on the bona fide needs rule and purpose statute when using franchise funds. Most DoD organizations visited during our audits potentially have violated either the bona fide needs rule or purpose statute, which could lead to ADA violations. DoD organizations either issued MIPRs with funds that would soon expire and could not legally be placed on contract within the year of availability or issued MIPRs citing the wrong appropriation. No procedures exist to ensure that DoD organizations use the correct funds. Implementing the recommendations in this report should improve financial procedures for using non-DoD agencies and should correct the material funding weaknesses identified. A copy of this report will be provided to the senior official responsible for internal controls in the Office of the Under Secretary of Defense (Comptroller)/Chief Financial Office (OUSD[C]/CFO).

Funding DoD Purchases Made Through Non-DoD Agencies

DoD organizations continued to violate the bona fide needs rule and purpose statute, which could lead to ADA violations, when making purchases through non-DoD agencies. Reports prepared by the DoD OIG identified 493 potential ADA violations, valued at $518.5 million, relating to the funding of DoD purchases made at or by non-DoD agencies. Specifically, DoD organizations used prior year funds to purchase current year requirements, and in some instances, used the wrong types of funds to procure goods and services. A major contributor to the potential violations was that DoD organizations prepared vague and incomplete MIPRs when transferring funds to non-DoD agencies. Additionally, DoD organizations made advance payments to non-DoD agencies for goods and services not yet received. Finally, DoD did not complete ADA investigations as required by the DoD FMR. The OUSD(C)/CFO has recognized funding problems identified by DoD OIG reports on interagency acquisitions and has taken corrective actions to address most issues. However, DoD organizations must rely on guidance contained in numerous memorandums when purchasing goods and services. This occurred because the USD(C)/CFO had not updated the DoD FMR to reflect current guidance on purchases made by non-DoD agencies. As a result, personnel at the lower organizational levels at DoD organizations and non-DoD agencies are not fully aware of the correct procedures to fund purchases and continue to take actions that could create potential Antideficiency Act violations.

Criteria

The Antideficiency Act. The ADA is codified in a number of sections of title 31 of the United States Code (such as 31 U.S.C. 1341(a), 1342, 1349–1351, 1511(a), and 1512–1519). The purpose of these statutory provisions, known collectively as the ADA, is enforcing the constitutional powers of the purse residing in Congress with respect to the purpose, time, and amount of expenditures made by the Federal Government. Violations of other laws may create violations of the ADA provisions (for example, the "bona fide needs rule," 31 U.S.C. 1502(a)).

The potential ADA violations in DoD IG Report No. D-2005-096 specifically refer to 31 U.S.C. 1341(a)(1), which states "an officer or employee of the United States Government … may not (A) make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation" or "(B) involve either Government in a contract or obligation for the payment of money before an appropriation is made unless authorized by law."

Section 1350, title 31, United States Code states that "an officer or employee of the United States Government … knowingly and willfully violating 1341(a) or

1342 of this title shall be fined not more than $5,000, imprisoned for not more than 2 years, or both." Section 1351, title 31, United States Code states that "if an officer or employee of an executive agency … violates section 1341(a) or 1342 of this title, the head of the agency … shall report immediately to the President and Congress all relevant facts and a statement of actions taken."

Advance Payment Policy. Section 3324, title 31, United States Code, "Advances," states that advance payments may be made only if authorized by a specific appropriation or other law, or if the President allows it. Additionally, on October 4, 2002, the Office of Management and Budget issued Business Rules for Intergovernmental Transactions. The rules do not allow advance payments for service orders unless explicitly required by law.

Government Obligations. Section 1501, title 31, United States Code, "Documentary Evidence Requirement for Government Obligations," requires a binding, written agreement between two agencies that will report the "specific goods to be delivered, real property to be bought or leased, or work or service to be provided."

Bona Fide Needs Rule. To use appropriated funds, there must be a bona fide need for the requirement in the year the appropriations are available for obligation. Section 1502(a), title 31, United States Code states,

> The balance of an appropriation or fund limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly made within that period of availability and obligated consistent with section 1501 of this title. However, the appropriation or fund is not available for expenditure for a period beyond the period otherwise authorized by law.

Bona fide needs violations are correctable by replacing the wrong year funds with correct year funds, as long as the funds are available. DoD organizations can then avoid ADA violations and the associated reporting requirements.

Section 2410a, title 10, United States Code states that the Secretary of Defense may enter into a contract for procurement of severable services for a period that begins in one fiscal year and ends in the next fiscal year. This section applies to annual appropriations, such as operations and maintenance (O&M) funds. To meet bona fide needs rule requirements and 10 U.S.C. 2410a considerations, the OUSD(C)/CFO has specified that funds for severable services must be obligated in the year of the appropriation funding the services, and the contract period of the services cannot exceed 1 year. Also, ordered goods must be received in the year of the appropriation unless there is a known production or delivery lead time or unforeseen delays in delivery.

Government Accountability Office Red Book. The Government Accountability Office (GAO) Red Book, GAO-04-261SP, "Principles of Federal Appropriations Law, Third Edition, Volume I," January 2004, states:

> An order or contract for the replacement of stock is viewed as meeting a bona fide need of the year in which the contract is made as long as it is intended to replace stock used in that year, even though the replacement items will not be used until the following year.

Purpose Statute. The purpose statute is codified in 31 U.S.C. 1301(a). A violation of the purpose statute may cause an ADA violation. The statute states "appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law." Violations of the purpose statute generally occur when purchases are funded with the wrong type of appropriation. For example, a DoD organization uses O&M funds instead of military construction to build a new building.

ADA Investigations Guidance. DoD FMR, volume 14, chapter 3, "Preliminary Reviews of Potential Violations," November 2006, states that the purpose of a preliminary review is to gather basic facts and determine whether a violation may have occurred. When a DoD Component has some evidence that a violation may have occurred, preliminary checks of the applicable business transaction and accounting records shall be made to determine whether a potential violation exists. This should be done in a timely manner (usually within 90 days). A report on the preliminary review shall be provided for approval to the cognizant Assistant Secretary of a Military Department for Financial Management, unified combatant commands, or Defense agency. If a potential violation occurred, then a formal investigation shall be initiated within 15 business days of the approval of the report of preliminary reviews.

DoD FMR, volume 14, chapter 4, "Beginning an Investigation," October 2002, states that "whenever a preliminary review determines a potential violation has occurred, a formal investigation is required." Individuals with no vested interest in the outcome, and who are capable of conducting a complete, impartial, unbiased investigation, will conduct the investigation. DoD FMR, volume 14, chapter 5, "Conducting Investigations," October 2002, states investigations of potential ADA violations will be completed within 9 months. The total process for investigating, including preparation of transmittal letters to the President, the Director of the Office of Management and Budget, and the leaders of both Houses of Congress will take no more than 1 year.

The DoD Deputy Chief Financial Officer issued a July 6, 2005, memorandum, "Administering Discipline in Antideficiency Act (ADA) Violation Cases" (DoD Deputy Chief Financial Officer July 6, 2005, Memorandum) to improve the disciplinary process and meet the intent of the ADA. The Military Departments and the Defense agencies will acknowledge that ADA violations are a misuse of DoD funds, even though the misuse may not have been knowing or willful and the Military Department Offices of Financial Management and Comptroller and the Defense agencies will verify the independence of disciplinary officers.

The USD(C)/CFO issued a June 21, 2007, memorandum, "Inter-Agency Anti-Deficiency Act (ADA) Preliminary and Formal Investigation Compressed Schedule Policy" (DoD June 21, 2007, Memorandum). This memorandum implemented a compressed schedule for processing preliminary and formal investigation phases of the ADA process only for interagency purchases. For all

potential interagency violations as required, the preliminary investigation phase now must be completed within 30 days, instead of 90 days. If the investigation warrants a formal investigation, the component will now have 180 days, instead of 270 days, from notification to complete the formal investigation and provide all reports and supporting information in accordance with DoD FMR volume 14.

DoD Policy Memorandums. The Acting Under Secretary of Defense for Acquisition, Technology, and Logistics and the Principal Deputy Under Secretary of Defense (Comptroller) issued an October 29, 2004, memorandum, "Proper Use of Non-DoD Contracts" (DoD October 29, 2004, Memorandum) directing the Military Departments and Defense agencies to establish procedures for reviewing and approving the use of non-DoD contract vehicles by January 1, 2005. The program manager or requirements official has primary responsibility to ensure compliance with the policy. The procedures must include:

- evaluating whether using a non-DoD contract is in the best interest of DoD;
- determining whether the tasks are within the scope of the contract to be used;
- reviewing funding to ensure that it is used in accordance with appropriation limitations; and
- providing unique terms, conditions, and requirements to the assisting agency for incorporation into the order or contract to comply with all applicable DoD-unique requirements.

Within a short period of time, both the Navy and the Air Force issued memorandums, "Proper Use of Non-DoD Contracts." Both memorandums implement guidance and policy for the Acting Under Secretary for Acquisition, Technology, and Logistics. The Air Force and Navy memorandums were dated December 6 and December 20, 2004, respectively. The Army issued a memorandum, "Proper Use of Non-Department of Defense (Non-DoD) Contracts," on July 12, 2005, to implement the guidance.

The DoD Deputy Chief Financial Officer issued a March 24, 2005, memorandum, "Proper Use of Interagency Agreements for Non-Department of Defense Contracts Under Authorities Other Than the Economy Act" (DoD March 24, 2005, Memorandum). This memorandum, in conjunction with the OUSD(C)/CFO and Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics DoD October 29, 2004, Memorandum, establishes DoD policy on assisted acquisitions such as those completed by GSA Federal Technology Service and to ensure that interagency agreements (under other than the Economy Act) for non-DoD contracts are used in accordance with existing laws and DoD policy. To save Government resources, the DoD March 24, 2005, Memorandum directs the following actions.

- For services ordered through an interagency agreement, the DoD organization must review funds provided to the servicing agency that have expired and recoup those expired funds, unless the request for services

was made during the period of availability of the funds; the order was specific, definite, and certain, with specificity similar to contractual orders; and severable services were ordered with a period of performance that does not exceed 1 year.

- For goods ordered through an interagency agreement, DoD organizations must recoup expired funds unless the request for goods was made during the period of availability of the funds and was for goods that, solely because of delivery, production lead time, or unforeseen delays, could not be delivered within the period of availability of those funds.

The USD(C)/CFO issued a March 27, 2006, memorandum, "Proper Use of Interagency Agreements with Non-Department of Defense Entities Under Authorities Other Than the Economy Act" (DoD March 27, 2006, Memorandum). This memorandum states that under no circumstances should any existing order for severable services using O&M funds extend beyond 1 year from the date the funds were accepted by the servicing agency. This guidance requires DoD organizations to state on funding documents that cite annual appropriations, "These funds are available for services for a period not to exceed one year from the date of obligation and acceptance of this order. All unobligated funds shall be returned to the ordering activity no later than one year after the acceptance of the order or upon completion of the order, which ever is earlier."

The USD(C)/CFO issued an October 16, 2006, memorandum, "Non-Economy Act Orders" (DoD October 16, 2006, Memorandum). This memorandum immediately revised financial management policy for procurement of goods and services from non-DoD agencies. Specifically, this memorandum states that all orders over $500,000 shall be reviewed by a DoD contracting officer. Purchases must serve a bona fide need arising or existing in the fiscal year the appropriation is available for obligations. This memorandum also outlines the proper deobligation of funds for goods, severable services, and nonseverable services under non-Economy Act orders.

The DoD October 16, 2006, Memorandum:

- states that under certain circumstances, funds provided to a performing agency for ordered goods in which the funds period of availability has thereafter expired shall be deobligated and returned by the performing agency. If the request for goods was made during the period of availability of the funds and the item(s) could not be delivered within the funds period of availability solely because of delivery, production or manufacturing lead time, or unforeseen delays, the funds are not subjected to deobligation. Thus, where materials cannot be obtained in the same fiscal year in which they are needed and contracted for, provisions for delivery in the subsequent fiscal year do not violate the bona fide needs rule. This is applicable as long as the time intervening between contracting and delivery is not excessive and the procurement is not for standard, commercial off-the-shelf-items, readily available from other sources. The delivery of goods may not be specified to occur in the year subsequent to the funds' availability.

- permits severable services to begin in one fiscal year and end in the next if the period of performance does not exceed 1 year, as allowed by 10 U.S.C. 2410a. Thus, the performance of severable services may begin during the funds period of availability and may not exceed 1 year. Therefore, annual appropriations provided to a performing agency that have expired shall be deobligated unless the performance of the services requested began during the funds period of availability and the period of performance does not exceed 1 year. The annual appropriation from the earlier fiscal year may be used to fund the entire cost of the 1-year period of performance. Nonseverable services contracts must be funded entirely with appropriations available for new obligations at the time the contract is awarded. The period of performance may extend across fiscal years.

Potential ADA Violations

DoD organizations used prior year funds to purchase current year requirements, and in some instances, used the wrong types of funds to procure goods and services. Reports prepared by the DoD OIG identified 493 potential ADA violations relating to the funding of DoD purchases made by non-DoD agencies. During audits of FY 2006 and FY 2007 DoD purchases made through DOI, the Department of the Treasury, NIH, and VA, 381 purchases that violated the bona fide needs rule valued at $83.1 million, 4 purchases that violated the purpose statute valued at $1.7 million, and 1 purchase that violated both the bona fide needs rule and purpose statute valued at $2.1 million, were identified. These 386 purchases, valued at $86.9 million, could result in ADA violations. See Appendix F for details on each purchase. These purchases are in addition to the previously reported 107 potential ADA violations identified at GSA, NASA, the first DOI report, and the first Department of the Treasury report (see Appendixes D and E). Additionally, the DOI OIG identified 96 potential ADA violations. A major contributor to the potential violations was that DoD organizations prepared vague and incomplete MIPRs when transferring funds to non-DoD agencies.

DoD Organizations Responsible for Potential ADA Violations. Within the 10 DoD IG audit reports we issued, we have identified 19 Army commands, 25 Navy commands, 20 Air Force commands, 18 Office of the Secretary of Defense and Defense agencies, and 9 combatant and unified commands that are responsible for bona fide needs rule violations, purpose statute violations, or both. Some DoD organizations have committed violations over multiple years and with different non-DoD agencies. For example, we identified potential ADA violations for the Washington Headquarters Services with the Department of the Treasury (reported in FY 2007) and DOI (reported in FY 2008). The U.S. Southern Command committed potential ADA violations with GSA (reported in FY 2005) and NIH (reported in FY 2008). Public law provides guidance and the DoD has developed the process and procedures to penalize individuals who are responsible for ADA violations. However, no public law exists to support discipline guidelines or procedures for individuals or organizations responsible for bona fide needs rule violations that are corrected to preclude an ADA violation. The personnel and commands responsible for these types of violations have not faced any disciplinary measures. The DoD Office of

General Counsel (OGC), the Under Secretary of Defense Personnel and Readiness, and the USD(C)/CFO should work with the U.S. Office of Personnel Management to develop the applicable authority to discipline the organizations, individuals, or both that commit funding problems that occur as a result of violating the bona fide needs rule. Such actions should deter organizations and individuals from repeatedly making improper use of funds. However, disciplinary actions are not the only tool available to management. Internal controls, training, and clear, consistent policies are among the other tools available if management wants to avoid future violations.

MIPR Specificity. Multiple DoD IG reports have addressed DoD organizations that did not properly prepare MIPRs. We have repeatedly found that MIPR descriptions have broad descriptions of work and are not specific to a purchase. On September 25, 2003, the USD(C)/CFO issued a memorandum on "Fiscal Principals and Interagency Agreements." This memorandum stated that "Every order under an interagency agreement must be based upon a legitimate, specific, and adequately documented requirement … ." Further, the DoD October 16, 2006, Memorandum states that the MIPR should contain a "firm, clear, specific, and complete description of the goods or services ordered. The use of generic descriptions is not acceptable … ."

DoD IG Report No. D-2008-036, on DoD use of VA, references poor MIPR preparation on purchases made in FY 2006. DoD IG Report No. D-2007-044, on DoD use of DOI, states that GovWorks encouraged customers to write general descriptions on MIPRs. The follow-up report on FY 2006 and FY 2007 purchases stated that 31 of 47 MIPRs lacked specificity (however, 30 of those MIPRs were dated prior to October 16, 2006). Both DoD IG reports on the use of GSA referenced poor MIPR preparation. DoD IG Report No. D-2007-032, on the use of the Department of the Treasury, states that 25 of 110 MIPRs lacked a specific detailed description of the requirement. For example, the Walter Reed Medical Center submitted 3 MIPRs to acquire the services for 350 contracted positions. The MIPRs contained a broad description of the service and were not specific as required by 31 U.S.C. 1501. Finally, DoD IG Report No. D-2008-022, on NIH purchases, also documents vague descriptions on MIPRs. For example, for directed purchases, the TriCare Management Activity sent 19 MIPRs to Space and Naval Warfare Systems Center Charleston that were vague, did not provide details of items intended to be purchased, or did not reference a statement of work. It is important that DoD organizations provide a detailed description of the intended purpose on the funding document to ensure a proper basis for the interagency purchase. Furthermore, a specific MIPR precludes the non-DoD agencies from retaining the funds as a "bank" and using them throughout the year as the DoD organization desires.

Bona Fide Needs Rule Violations. For purchases generally made in FY 2005, DoD organizations violated the bona fide needs rule for 60 of 69 purchases.[1] For purchases generally made in FY 2006, DoD organizations may have violated the bona fide needs rule for 381 of 386 purchases, valued at $83.1 million. For example, the Headquarters, U.S. Marine Corps sent MIPR M0008006RQDD036,

[1]Some FY 2005 purchases had both bona fide needs violations and purpose statute violations.

using Marine Corps FY 2006 O&M funds, to DOI GovWorks on September 25, 2006. MIPR M0008006RQDD036 was not specific and states that the Marine Corps requirement was for "IT [information technology] Hardware, software, consumables, and supplies" and did not include a detailed list of items. GovWorks awarded the contract against GSA Federal Supply Schedule Order 67063 on January 17, 2007. Use of FY 2006 O&M funds to satisfy an FY 2007 requirement does not meet the intent of the bona fide needs rule. The potential ADA amount was $1,186,279.38.

In another example, the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics sent MIPR DSIA60228, using FY 2006 Defense O&M funds, to DOI GovWorks on September 8, 2006. The Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics purchased support for multiple new task forces for the Defense Science Board. The scope of work for each delivery order was prescribed in detail in a statement of work specific to each project. GovWorks awarded the contract for GSA Federal Supply Schedule Order 66321 on November 8, 2006. Use of FY 2006 O&M funds to satisfy an FY 2007 requirement does not meet the intent of the bona fide needs rule. The potential ADA amount was $157,531. The DoD organizations corrected the bona fide needs violations for both examples by replacing the funding. However, we could not find any disciplinary or other effective actions taken or planned to be taken to ensure that numerous violations of fiscal laws would not occur in the future.

Purpose Statute Violations. For purchases generally made in FY 2005, DoD organizations used the wrong funds for 18 of 69 purchases.[2] For purchases generally made in FY 2006, DoD organizations may have violated the purpose statute for four purchases, valued at $1.6 million. For example, the Air Mobility Command used NIH to award task order 2513. The Air Mobility Command used FY 2006 and FY 2007 O&M funds for this purchase. However, the statement of work included design, analysis, and initial pilot effort for the enterprise information management system. The statement of work used the word "design" 54 times, "develop" 24 times, "prototype" 11 times, "pilot" 24 times, "integrate" 15 times, "test" 39 times, and "evaluate" 5 times. An Air Force official stated that the statement of work used the wrong verbiage and the contractor configured the commercial off-the-shelf application. The DoD FMR states for research, development, test, and evaluation (RDT&E) appropriations: "Commercial-off-the shelf (COTS) systems that require engineering design, integration, test, and evaluation to achieve the objective performance will be budgeted in RDT&E." Therefore, the Air Mobility Command should have used RDT&E funds for this purchase and may have violated the purpose statute.

Corrective Actions for Bona Fide Needs Rule Violations. The OUSD(C)/CFO took corrective actions on the bona fide needs rule violations. The OUSD(C)/CFO formed a task force with personnel from the DoD OGC, OUSD(C)/CFO, DoD Components, and the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics. The task force led a coordinated effort with the OIG OGC and DOI to review each case and develop

[2]Some FY 2005 purchases had both bona fide needs violations and purpose statute violations.

policies, procedures, and audit trails to correct and adjudicate each potential ADA violation.

The OUSD(C)/CFO took immediate actions and developed procedures to ensure compliance and consistency throughout DoD to correct most of the bona fide needs violations. The task force and OUSD(C)/CFO required confirmation from the DoD funds manager that any corrections met the legal requirements, using a three-part test. The test required that the correct year or appropriation funds were available at the time of the obligation, the day the corrections were processed, and all time in between. Each funds manager involved in potential funding violations signed a memorandum for the record certifying this requirement. DoD organizations then prepared an SF 1081 to replace incorrect funding. The U.S. Department of the Treasury received the completed SF 1081 and made the accounting adjustments. The OUSD(C)/CFO task force reviewed 640 purchases. In addition to DoD IG-identified potential ADA violations, the OUSD(C)/CFO reviewed 147 potential ADA violations identified by DOI and other audits. For this report, we focused on the 493 purchases the DoD IG identified.

Of the 493 potential ADA violations, the majority, 336, resulted from using DOI, as shown in Figure 1. OUSD(C)/CFO determined that 322 of the 336 purchases were violations of the bona fide needs rule and were corrected with the above process, 1 violation is being formally investigated under the new time frames, 3 purchases were being reviewed by DoD OGC, 1 purchase was determined not to be a funding violation, and the final 9 purchases were reportable ADA violations. The 322 bona fide needs rule violations used wrong fiscal year funds. The total dollar amount deobligated related to DOI purchases is $209.5 million and the amount transferred from one fiscal year to another fiscal year to correct potential ADA violations associated with DOI is $46.3 million. During 2006 and 2007, the OUSD(C)/CFO reported that DoD recovered $772 million of the unobligated funds from the non-DoD agencies. Overall, DoD performed accounting corrections on 446 purchases of 493 purchases the DoD IG identified. The OUSD(C)/CFO determined that five purchases are pending accounting corrections. Twenty-one purchases are currently under formal investigation and 7 purchases are in the review process. Finally, 14 purchases are reportable ADA violations. The following chart shows potential ADA violations.

Potential ADA Status Summary
As of 3/20/08

Audits	IA Partner Source	Total Potential ADAs	Component Review (June '07 / May – June '07)	OGC Review (May – Sept '07)	Pending Accounting Corrections (May – Sept '07)	Formal Investigation (May '07 – Jan '08)	No Violation	Reportable ADA Violation***
FY2005	GSA Audit	38		1**		7	18/12**	
FY2006	GSA (12)	69					6/2**	4**
	NASA (14)					2	12	
	Treasury (21)			1		4	9/6**	1**
	DOI (22)					2	2/18**	
FY2007	DOI (336)	336		3		1	1/322**	9**
	Treasury (1)	1	1					
	NIH (43)	43	1		5	5	9/23**	
	VA (6)	6					1/5**	
TOTAL		493	2	5	5	21	446	14
FY 2007	Service Audits (51)	51		2			44/5**	
	DOI Audit (96)	96*		2**			1/93**	
Total IA		**640**		**8**	**5**	**22**	**589**	**14**

Potential ADA Violations

96 DOI cases: Army 37,DLA 4, Navy 20, AF 25, DSCA 9, TMA 1
22 Formal = DHP 4, Army 3, QoL 2, Air Force 11, DSS 1, CENTCOM 1
***487 Corrected = DHP 128, Army 66, Air Force 131, Navy 120, DCAA 8, SOCOM 1, AT&L 1, QOL 1, DLA 6, JPRA 4, STRATCOM 1, DMDC 3, DSCA 9, TMA 1, DIA 5, USACE 2*

Reportable ADA Violations: Navy 14

Potential ADA Violations

Although DoD organizations replaced incorrect funds with the proper funds and eliminated the bona fide needs rule violations for 486 purchases, DoD management generally did not take any administrative actions or recourse against the DoD organizations or personnel that caused the problems. Component personnel spent a considerable amount of time and effort reviewing and correcting the numerous bona fide needs violations. The Navy did take punitive actions for three cases. For the first case, the Navy official responsible was verbally reprimanded by her commanding officer, relived of nonfinancial responsibility, and all Comptroller personnel were required to attend training. For the second case, the Navy issued a Letter of Admonishment and ordered personnel to take training. The letter will remain on file for a period of 12 months from the issuance date. For the third case, the Navy issued a letter of caution to the person responsible and additionally this person is not authorized to approve funding documents.

ADA Time Frames. On June 21, 2007, the USD(C)/CFO signed a memorandum to compress the schedule for processing the preliminary and formal investigations of potential ADA violations for interagency purchases. The target date for completing formal investigations on these cases was January 31, 2008. The OUSD(C)/CFO personnel reported that 95 percent of the DOI cases were reviewed and completed in 30 days. Overall, OUSD(C)/CFO personnel reported

that the DoD task force completed a review of 90 percent of the cases within the new time frames.

Formal Investigations Guidance. On August 30, 2007, the Principal Deputy, OUSD(C)/CFO issued memorandums to the Assistant Secretary of the Army (Financial Management and Comptroller), Assistant Secretary of the Navy (Financial Management and Comptroller), and the Assistant Secretary of the Air Force (Financial Management and Comptroller) on interagency Antideficiency Act violation cases. These memos requested the Military Departments conduct formal investigations within 180 days, in accordance with the DoD June 21, 2007, Memorandum.

Army. The OUSD(C)/CFO memorandum instructed the Army to begin 44 formal investigations. Additionally, the Army Materiel Command formal investigation into the Headquarters Relocation Project began on May 17, 2006. Because this investigation began prior to the DoD June 21, 2007, Memorandum, the FMR time frames apply. Although, the DoD FMR requires formal investigations to be completed within 1 year, the Army has not performed the investigation into the Army Materiel Command Headquarters Relocation Project in accordance with DoD guidance. OUSD(C)/CFO personnel stated that the Army headquarters formal investigation was completed but not finalized.

Navy. The OUSD(C)/CFO memorandum instructed the Navy to begin 14 formal investigations the DoD OIG identified as potential ADA violations. OUSD(C)/CFO personnel stated that the investigations were completed by January 31, 2008.

Air Force. The OUSD(C)/CFO memorandum instructed the Air Force to begin 12 formal investigations. Additionally, the OUSD(C)/CFO memorandum stated three formal investigations began in May 2006. Because this investigation began prior to the DoD June 21, 2007, Memorandum, the FMR time frames apply. The DoD FMR requires formal investigations to be completed within 1 year. The Air Force has not performed the investigations in accordance with DoD guidance. On February 1, 2008, the Assistant Secretary of the Air Force (Financial Management and Comptroller) issued a memorandum to the USD(C)/CFO stating that four cases were being reviewed by the Secretary of the Air Force General Counsel, two cases were not violations, four cases were in the preliminary investigation process, and asked for extensions for two cases. The memorandum states that "The Air Force is committed to resolving these cases expeditiously within established time frames."

Additional Violations. The DoD OIG review centered on a fraction of the purchases made at and by non-DoD agencies. We are confident that the procedures used at the non-DoD agencies (parking/banking funds, advance payments) have resulted in numerous additional violations. The OUSD(C)/CFO required DoD organizations to review purchases identified by the DoD OIG and make corrections as necessary. However, the OUSD(C)/CFO did not require all DoD organizations to review the funding for all purchases made by non-DoD agencies. The USD(C)/CFO has implemented guidance that should improve using non-DoD agencies for purchases. Therefore, we are not making any recommendations to review the funding of other interagency purchases, which

may contain violations of the bona fide needs rule or purpose statute potentially resulting in ADA violations. Reviewing all purchases would be too voluminous and time-consuming for all parties involved.

Future Acquisitions. The OUSD(C)/CFO states that it is using the experience gained in conducting the preliminary and formal investigations to develop new and stronger policy and procedure guidance, analyzing process impediments for areas of improvement, and incorporating lessons learned in the fiscal and acquisition training segments. DoD is also piloting an automated solution with the necessary business rules and internal controls for processing intragovernmental orders that will help avoid future ADA violations. DoD has targeted the Intragovernmental Value Added Network [IVAN] system solution as the tool to capture, record, and track intragovernmental transactions from both the acquisition and financial perspectives.

Resolution of Prior Potential ADA Violations

The OUSD(C)/CFO ensured DoD organizations took actions on previously identified potential ADA violations and violations of the bona fide needs rule. The OUSD(C)/CFO monitored the DoD organization's 11 formal investigations. Additionally, the OUSD(C)/CFO, along with DoD OGC, completed the independent assessment on the 12 GSA purchases, as recommended by DoD IG Report No. D-2007-42.

Timely Formal Investigations. DoD organizations determined that 11 purchases from DoD IG Report No. D-2005-096, "DoD Purchases Made Through the General Services Administration," July 29, 2005, should have formal investigation conducted. Of those 11 purchases, the OUSD(C)/CFO reported on December 13, 2007, that 8 purchases were still under formal investigation. The eight purchases are: the Army Material Command Headquarters Building purchase, Security System Assessment purchase, Joint Conflicts and Tactical Simulation System Assessment purchase, Web Management Design purchase, Sensor Evaluation purchase, Web Site Development purchase, Active Directory Support purchase, and Combat Banners purchase. The investigations were not completed within the DoD FMR volume 14, chapter 5 time frame of 1 year. The USD(C)/CFO needs to determine why the investigations were not completed and ensure they are completed as quickly as possible.

DoD organizations replaced and certified the funds were always available for three purchases, the Individual Training Requirements System purchase, Army-Wide Training Tracking System/Army Training and Information Management System Development purchase, and the Battle Management Project purchase.

OUSD(C)/CFO and DoD OGC Actions on Recommendation. In DoD IG Report No. D-2007-042, the DoD IG recommended that the USD(C)/CFO perform an independent assessment and determine whether formal investigations should occur for 12 potential ADA violations. The Deputy Chief Financial Officer, OUSD(C)/CFO concurred and stated that his office would work with the DoD OGC to determine whether formal investigations should occur for the

potential ADA violations. The OUSD(C)/CFO and DoD OGC completed a review of the 12 purchases and determined that no potential ADA violations occurred and no formal investigations were necessary. We have concerns with the OUSD(C)/CFO and DoD OGC positions on the 12 purchases. We believe that they were not consistent in their approach to resolving the potential violations and they are inconsistent with Comptroller General Decisions. See Appendix C for a discussion of the 12 purchases.

The OUSD(C)/CFO and DoD OGC did not consistently address purchases that are potential ADA violations when essentially the same circumstances existed. For some purchases, the DoD organization certified that new funds were available and always available for the DoD organizations, and they then replaced the funds. For other purchases, the Components stated that a bona fide need existed and a legal obligation occurred at the time of order acceptance. For example, for the Army-Wide Training Tracking System/Army Training and Information Management System Development purchase, OUSD(C)/CFO stated that a formal investigation was conducted and the funds were replaced. The Chief Information Officer Integration purchase has similar circumstances to the Army-Wide Training Tracking System/Army Training and Information Management System purchase, yet OUSD(C)/CFO and DoD OGC did not require a formal investigation or replace the funds. Handling the purchases inconsistently can only confuse DoD personnel who use non-DoD agencies for contracting.

Additionally, the OUSD(C)/CFO inconsistently applied Comptroller General Decision B-308944, "Expired Funds and Interagency Agreements between GovWorks and the Department of Defense," July 17, 2007. Comptroller General Decision B-308944 states that MIPRs have to identify specific items or services to acquire. The specificity required of interagency agreements should be similar to the specificity required of solicitations under the Federal Acquisition Regulation. The Comptroller Decision states that the MIPRs did not properly obligate funds and the funds were improperly used, which could lead to an ADA violation if proper funds are unavailable. For the Chief Information Officer Integration Purchase, DoD IG Report No. D-2007-042 states "… no specific interagency agreement obligating the funds existed and GSA did not award the contract in FY 2004." The purchase used FY 2004 O&M funds. Therefore, the OUSD(C)/CFO should have required the Naval Education and Training Command to replace the funds, as the OUSD(C)/CFO had numerous other DoD organizations do with potential ADA violations identified in FY 2006 and FY 2007.

Advance Payments

DoD organizations made advance payments to non-DoD agencies. Advance payments include the practice of permitting advanced billing without the receipt of goods or services. The DoD IG reports on DOI, NIH, and VA all reported on use of advance payments.

DOI. The authority of the DOI franchise fund permits payment for contracts and fees in advance of services being acquired. For DOI GovWorks

purchases, DoD issues a MIPR identifying the products or services required. A GovWorks contracting officer reviews the purchase information, and then prepares a service agreement with the estimated cost. DoD signs the GovWorks service agreement and after receiving the MIPR acceptance, records a financial transaction by processing an obligation on its financial records reflecting the full agreement amount of the contract and fee. GovWorks records a receivable transaction and uses the Intragovernmental Payment and Collections System to bill DoD for the full amount. DoD liquidates the obligation on its financial records. GovWorks receives the funds and records the fee and contract as separate transactions on its financial records. GovWorks then performs the acquisition services. DoD cannot track the individual MIPR balances. Once the funds are expended, they are no longer reflected on accounting records as unliquidated funds. This practice continued through April 13, 2007.

NIH. According to the project manager of the finance office at the NIH Information Technology Acquisition and Assessment Center, prior to the receipt of goods and services, NIH withdraws the entire amount of the MIPR once it accepts the MIPR from DoD. This practice continued through June 12, 2007.

VA. At VA, the BuyIT.gov Program Manager and Chief Acquisition Management Services Austin Automation Center (now the VA Corporate Franchise Data Center) stated that the full amount of the contract and fee were collected after the contract was awarded prior to receiving the goods and services. To illustrate, DoD hypothetically sends $1 million (using a MIPR) to the VA Corporate Franchise Data Center and receives an acceptance MIPR. The VA Corporate Franchise Data Center uses its own funds and completes the procurement and award. The contracting officer reports the value of the contract to the VA Corporate Franchise Data Center business support specialist and the next month the business support specialist collects through the Intra-Governmental Payment and Collection System the full contract amount plus fee from DoD. The VA personnel pay the contractor as work is performed and accepted. The contracting officer certifies invoices based on the DoD contracting officer technical representative acceptance of goods and services.

DoD Policy. The DoD FMR, volume 4, chapter 5, "Advance and Prepayments," January 1995, reiterates 31 U.S.C. 3324. The regulation also provides guidance on the accounting policy for advances. DoD Components shall record advances as assets until receipt of goods or services involved or until contract terms are met.

On March 1, 2007, the Under Secretary of Defense (Comptroller)/Chief Financial Officer issued the memorandum, "Advance Payments to Non-Department of Defense (DoD) Federal Agencies for Interagency Acquisitions," to DoD Components. The memorandum directed all DoD Components to stop the practice of advancing payments to non-DoD agencies unless specifically authorized to by law, legislative action, or Presidential authorization. The memorandum also requested all existing advancements retained by a non-DoD Federal agency be returned.

Updating the DoD FMR

The OUSD(C)/CFO and the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics continue to issue new guidance to improve use of non-DoD agencies. DoD organizations must rely on guidance contained in numerous memorandums when purchasing goods and services. This occurs because DoD has not updated the DoD FMR to reflect current guidance on purchases made by non-DoD agencies. Consequently, DoD organizations and non-DoD agencies may not be aware of the correct use of non-DoD agencies and guidance on funding purchases. Therefore, DoD organizations making purchases through non-DoD agencies continue to violate both the bona fide needs rule and the purpose statute and this could result in Antideficiency Act violations. The DoD memorandums include:

- a Principal Deputy Under Secretary of Defense (Comptroller) and Acting Under Secretary of Defense for Acquisition, Technology, and Logistics October 29, 2004, memorandum, "Proper Use of Non-DoD Contracts";

- a DoD Deputy Chief Financial Officer March 24, 2005, memorandum, "Proper Use of Interagency Agreements for Non-Department of Defense Contracts Under Authorities Other Than the Economy Act";

- an Under Secretary of Defense (Comptroller)/Chief Financial Officer March 27, 2006, memorandum, "Proper Use of Interagency Agreements with Non-Department of Defense Entities Under Authorities Other Than the Economy Act";

- a Deputy Chief Financial Officer, OUSD(C)/CFO, October 16, 2006, memorandum, "Non-Economy Act Orders";

- an Under Secretary of Defense (Comptroller)/Chief Financial Officer October 24, 2006, memorandum, "Prohibition on Parking Funds";

- an Under Secretary of Defense (Comptroller)/Chief Financial Officer March 1, 2007, memorandum, "Advance Payments to Non-Department of Defense (DoD) Federal Agencies for Interagency Acquisitions";

- a Director, Defense Procurement and Acquisition Policy March 2, 2007, memorandum, "Contracts for Services";

- an Under Secretary of Defense for Acquisition, Technology, and Logistics March 21, 2007, memorandum, "Leasing Office Space"; and

- an Under Secretary of Defense (Comptroller)/Chief Financial Officer June 21, 2007, memorandum, "Inter-Agency Anti-Deficiency Act (ADA) Preliminary and Formal Investigation Compressed Schedule Policy."

With so many memorandums, DoD organizations may not be aware of the latest guidance. Additionally, it is unclear whether this information is passed on to non-DoD agencies making purchases on behalf of DoD. Also, DoD

Instruction 5025.01, "DoD Directives Program," issued October 28, 2007, provides policy on DoD issuances. The instruction states that DoD Directive-type memorandums shall only be issued for time-sensitive actions that will become DoD issuances and only when time constraints prevent publishing a new issuance. The DoD Directive-type memorandums shall not be used permanently and shall be effective for no more than 180 days from date of signature. Therefore, the OUSD(C)/CFO and the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics violated DoD policy because DoD issuances have not been updated.

Additionally, the OUSD(C)/CFO has repeatedly stated that the DoD FMR would be updated to clarify interagency purchases. OUSD(C)/CFO management comments to various DoD IG reports stated that the DoD FMR would be updated. DoD IG Report No. D-2005-096 comments stated the update would occur in September 2005 and DoD IG Report No. D-2007-007 stated the update could occur in December 2006. Other reports cite that the DoD October 16, 2006, Memorandum will correct the funding issues. This memorandum states the policy will be included in the next update of the DoD FMR, scheduled for the first quarter of FY 2007. The USD(C)/CFO should take steps to immediately update the DoD FMR.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer:

a. Update DoD 7000.14-R, "Financial Management Regulation," to reflect the information contained in the many policy memorandums issued in the last few years regarding interagency purchasing.

Management Comments. The Assistant Deputy Under Secretary of Defense (Financial Management), responding for the Under Secretary of Defense (Comptroller)/Chief Financial Officer, concurred with the recommendation and as of February 29, 2008, updated appropriate sections of the DoD FMR.

Audit Response. Management comments are responsive. No further comments are necessary.

b. Determine why the formal investigations for the eight purchases (the Army Material Command Headquarters Building purchase, Security System Assessment purchase, Joint Conflicts and Tactical Simulation System Assessment purchase, Web Management Design purchase, Sensor Evaluation purchase, Web Site Development purchase, Active Directory Support purchase, and Combat Banners purchase) were not completed by the time frames as required by DoD 7000.14-R, "Financial Management Regulation." Ensure the Services complete the eight formal investigations as required.

Management Comments. The Assistant Deputy concurred with the recommendation and will determine from the Services why the formal investigations were not completed according to the time frames in the DoD FMR.

Audit Response. Management comments are responsive. No further comments are necessary.

c. Closely monitor the 47 formal investigations to ensure the DoD organizations complete the investigations within the new time frames.

Management Comments. The Assistant Deputy concurred with the recommendation and established a task force in May 2007 to monitor all potential ADA violation cases arising from interagency agreements.

Audit Response. Management comments are responsive. No further comments are necessary.

d. Coordinate with the DoD Office of General Counsel and the Under Secretary of Defense for Personnel and Readiness and work with the U.S. Office of Personnel Management to develop the applicable authority to discipline the organizations, individuals, or both that commit funding problems that could lead to potential Antideficiency Act violations. Such actions should deter organizations and individuals from repeatedly making improper use of funds. Once appropriate authority is established, we recommend that DoD 7000.14-R, "Financial Management Regulation," be updated to include guidance and appropriate administrative actions for individuals or organizations who misuse funds regarding the bona fide needs rule. Even though bona fide needs rule violations can be mitigated by replacing improper funds with correct funds, the initial misuse of funds should not be tolerated and personnel should be held accountable. The Under Secretary of Defense (Comptroller)/Chief Financial Officer should also strengthen internal controls such as offering training and issuing clear, consistent policies.

Management Comments. The Assistant Deputy partially concurred with the recommendation and stated the OUSD(C)/CFO staff sought advice from the DoD OGC. The USD(C)/CFO cannot require Components to impose a specific penalty for a particular type of fiscal violation. A responsible individual's actions, resulting in an ADA violation, often occur because of mistakes and errors rather than actual misconduct. In these cases, remedial action must involve training or other process changes rather than imposition of "discipline." The USD(C)/CFO will request the Under Secretary of Defense for Personnel and Readiness issue policy requiring that the Components address misconduct resulting in ADA or bona fide needs violations within regulatory tables or within other appropriate regulatory issuances. Action by the U.S. Office of Personnel Management will not be required. The Assistant Deputy stated that the concept of "discipline" does not extend to governance of subordinate organizations within DoD. Finally, the USD(C)/CFO will continue ongoing efforts at strengthening internal controls such as offering training and issuing clear, consistent policies.

Audit Response. The Assistant Deputy Under Secretary of Defense (Financial Management) comments did not fully address the recommendation. As evident by the charts within this report, most DoD organizations audited committed potential ADA violations, but took corrective actions to address the issues. We recognize that some violations occur due to mistakes and errors; however, we found that several DoD organizations have repeatedly committed and corrected bona fide needs violations. Without disciplinary action, there is no reason to believe that the personnel within these organizations, who continue to violate the bona fide needs rule, will change their actions. We continue to believe that a statutory requirement is necessary to establish the authority needed to discipline individuals or organizations that repeatedly violated the bona fide needs rule and correct the violation if they are caught. Obtaining statutory requirements, such as reporting and disciplinary sections prescribed for ADA violations, as discipline for bona fide needs violations, will encourage personnel to act in a responsible manner. The Assistant Deputy's response states that she will ask the Under Secretary of Defense for Personnel and Readiness to issue policy instead of seeking statutory authority to discipline personnel who repeatedly violate the bona fide needs rule. Throughout the audit, she and DoD OGC maintained that DoD had no authority to discipline employees for bona fide needs violations and that the law did not provide an avenue for taking disciplinary actions. We believe such a law is needed, and it would go along way to strengthen internal controls.

Appendix A. Scope and Methodology

We conducted this performance audit from July 2007 through February 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We performed this audit in accordance with various public laws. This includes section 802, Public Law 108-375, "Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005"; section 811, Public Law 109-163, "National Defense Authorization Act for Fiscal Year 2006"; and section 817, Public Law 109-364, "John Warner National Defense Authorization Act for Fiscal Year 2007." The audit is a follow up to determine the results of recommendations made earlier this year on DoD IG Report No. D-2007-042, "Potential Antideficiency Act Violations on DoD Purchases Made Through Non-DoD Agencies," January 2, 2007. We reviewed the actions taken this year as a direct result of DoD IG Report No. D-2007-042. These actions included those taken by the OUSD(C)/CFO and DoD organizations that had identified potential ADA violations.

We consulted with the OGC of the DoD and the DoD IG on the interpretation and intent of the United States Code regarding the ADA and bona fide needs rule. We reviewed DoD FMR and DoD guidance on ADA violations and the bona fide needs rule. We also participated in meetings with management personnel to discuss the proper use of funds.

We reviewed the steps the OUSD(C)/CFO took to stop advance payments made to non-DoD agencies. We obtained copies of memorandums and letters requiring the ceasing of payments. We reviewed Certification Memorandums, OUSD(C)/CFO memorandums requesting preliminary reviews, SFs 1081, DoD Office of the General Counsel (Fiscal) Coordination, and applicable MIPRs to determine the status of and actions taken by the Components and OUSD(C)/CFO on potential ADA violations.

The SF 1081 provided information regarding the disbursement of payment, usually correcting the fiscal year of appropriated funds. Some SFs 1081 corrected the entire amount of the MIPR, and therefore there was not a one-to-one correction for the potential ADA violations identified. We reviewed 125 SFs 1081 valued at approximately $24 million. To certify the availability of funds for transfer, we reviewed the Funds Control Manager memorandums. The memorandums also listed the MIPR(s) involved in the transfer of funds. We compared the amount of funds transferred using the SFs 1081 and MIPRs to the amount of the potential ADA violation identified in the various reports.

We determined the status and actions taken of the investigations into potential Antideficiency Act violations cited in DoD IG Report No. D-2007-042. Depending on the course of action taken by the OUSD(C)/CFO and DoD

organization, we determined if a preliminary review was conducted and whether an ADA investigation was necessary and completed. If corrective actions were taken by the Components (that is, funds were replaced), we determined whether the actions properly corrected the potential ADA violation.

DOI Purchases. We reviewed 43 contract actions valued at $47.6 million, awarded from November 2006 through February 2007 at two DOI contracting activities, GovWorks and the Southwest Acquisition Branch. We also reviewed 50 additional GovWorks contract obligations, valued at $4.8 million for funding issues.

Department of the Treasury Purchases. We selected 29 contract actions valued at $11.2 million for review. We visited four FedSource centers; the Department of the Treasury, Bureau of the Public Debt, Administrative Resources Center; and selected DoD installations.

GSA Purchases. For DoD IG Report No. D-2005-096, we reviewed 75 purchases funded by 144 MIPRs valued at about $406 million, which occurred primarily in the fourth quarter of FY 2004. For DoD IG Report No. D-2007-007, "FY 2005 DoD Purchases Made Through the General Services Administration," October 30, 2006, we reviewed 56 purchases funded by 223 MIPRs valued at approximately $179 million.

NASA Purchases. For DoD IG Report No. D-2007-023, "FY 2005 DoD Purchases Made Through the National Aeronautics and Space Administration," November 13, 2006, we reviewed 111 orders, valued at approximately $85.9 million.

NIH Purchases. We reviewed 98 delivery orders valued at $33.2 million, which were for the purchase of commercial off-the-shelf supplies from the Electronic Commodities Store III contracts. During FY 2006, DoD sent 96 MIPRS, valued at $90.9 million, for use of the NIH Chief Information Officer-Solutions and Partners 2 Innovations contracts. Those MIPRs were related to 28 task orders that have a potential task order ceiling value of $697.6 million. We reviewed all 28 task orders, which were for the purchase of services.

VA Purchases. We reviewed a total of 58 purchases at DoD and VA activities funded by 124 MIPRs valued at approximately $128.3 million. Thirty-four of the 58 purchases were reviewed solely at DoD activities and 9 of the 58 purchases were reviewed solely at VA activities. We reviewed 15 purchases at both DoD and VA activities. We reviewed 49 purchases at DoD activities funded by 112 MIPRs valued at $121.7 million.

Use of Computer-Processed Data. We did not use computer-processed data to perform this audit.

Government Accountability Office High-Risk Area. GAO has identified several high-risk areas in DoD. This report provides coverage of the "Management of Interagency Contracting" high-risk area.

Appendix B. Prior Coverage

During the last 5 years, GAO, DoD IG, Army, GSA, DOI, the Department of the Treasury, and VA have issued 31 reports discussing interagency procurements and potential ADA violations. Unrestricted GAO reports can be accessed over the Internet at http://www.gao.gov. Unrestricted DoD IG reports can be accessed at http://www.DoDig.mil/audit/reports. Unrestricted Army reports can be accessed at http://www.hqda.army.mil. Unrestricted GSA reports can be accessed at http://www.gsa.gov. Unrestricted DOI reports can be accessed at http://www.doioig.gov. Unrestricted Department of the Treasury reports can be accessed at http://www.treas.gov/inspector-general/. Unrestricted VA reports can be accessed at http://www.va.gov/oig/.

GAO

GAO Report No. GAO-07-310, "High-Risk Series: An Update," January 2007

GAO Report No. GAO-06-996, "Interagency Contracting: Improved Guidance, Planning, and Oversight Would Enable the Department of Homeland Security to Address Risks," September 2006

GAO Report No. GAO-05-456, "Interagency Contracting: Franchise Funds Provide Convenience, but Value to DOD is Not Demonstrated," July 2005

GAO Report No. GAO-05-201, "Interagency Contracting: Problems with DOD's and Interior's Orders to Support Military Operations," April 2005

GAO Report No. GAO-05-274, "Contract Management: Opportunities to Improve Surveillance on Department of Defense Service Contracts," March 2005

GAO Report No. GAO-03-1069, "Budget Issues: Franchise Fund Pilot Review," August 2003

DoD IG

DoD IG Report No. D-2008-066, "FY 2006 and FY 2007 DoD Purchases Made Through the Department of the Interior" March 19, 2008

DoD IG Report No. D-2008-050, "FY 2006 DoD Purchases Made Through the Department of the Treasury," February 11, 2008

DoD IG Report No. D-2008-036, "FY 2006 DoD Purchases Made Through the U.S. Department of Veterans Affairs," December 20, 2007

DoD IG Report No. D-2008-022, "FY 2006 DoD Purchases Made Through the National Institutes of Health," November 15, 2007

DoD IG Report No. D-2007-044, "FY 2005 DoD Purchases Made Through the Department of the Interior," January 16, 2007

DoD IG Report No. D-2007-042, "Potential Antideficiency Act Violations on DoD Purchases Made Through Non-DoD Agencies," January 2, 2007

DoD IG Report No. D-2007-032, "FY 2005 DoD Purchases Made Through the Department of the Treasury," December 8, 2006

DoD IG Report No. D-2007-023, "FY 2005 DoD Purchases Made Through the National Aeronautics and Space Administration," November 13, 2006

DoD IG Report No. D-2007-007, "FY 2005 DoD Purchases Made Through the General Services Administration," October 30, 2006

DoD IG Report No. D-2006-029, "Report of Potential Antideficiency Act Violations Identified During the Audit of the Acquisition of the Pacific Mobile Emergency Radio System," November 23, 2005

DoD IG Report No. D-2005-096, "DoD Purchases Made Through the General Services Administration," July 29, 2005

DoD IG Report No. D-2005-003, "DoD Antideficiency Act Reporting and Disciplinary Process," October 14, 2004

DoD IG Report No. D-2004-084, "Antideficiency Act Investigation of the Research, Development, Test and Evaluation, Defense-Wide Appropriation Account 97 FY 1989/1990 0400," May 28, 2004

Army

Army Report No. A-2004-0244-FFB, "Information Technology Agency Contract Management," May 25, 2004

GSA IG

GSA Report, "Compendium of Audits of Federal Technology Service Client Support Center Controls," September 29, 2006

GSA Report, "Compendium of Audits of Federal Technology Service Client Support Center Controls," June 14, 2005

GSA Report, "Compendium of Audits of the Federal Technology Service Regional Client Support Centers," December 14, 2004

GSA Report No. A040097/T/7/Z05011, "Audit of Federal Technology Service's Client Support Center, Greater Southwest Region," December 10, 2004

GSA Report No. A030205/T/9/Z05009, "Audit of Federal Technology Service's Client Support Center, Pacific Rim Region," December 9, 2004

GSA Report No. A040191/T/6/Z05007, "Audit of Federal Technology Service's Control and Testing of Those Controls, Heartland Region," December 9, 2004

GSA Report No. A040102/T/W/Z05004, "Audit of Federal Technology Service's Client Support Center, National Capital Region," December 9, 2004

GSA Report No. A020144/T/5/Z04002, "Audit of Federal Technology Service's Client Support Centers," January 8, 2004

Department of the Interior

DOI IG Report No. X-IN-MOA-0018-2005, "Audit of FY2005 Department of the Interior Purchases Made on Behalf of the Department of Defense," January 9, 2007

Department of the Treasury

Department of the Treasury Report No. OIG-07-026, "ACQUISITIONS: Treasury Franchise Fund Needs to Improve Compliance with Department of Defense Procurement Requirements," January 16, 2007

U.S. Department of Veterans Affairs

VA Report No. 06-03540-24, "Audit of VA Purchases Made on Behalf of the Department of Defense," November 19, 2007

Appendix C. OUSD(C)/CFO Re-Evaluation of 12 GSA Potential ADA Violations

OUSD(C)/CFO Actions on Recommendation. In DoD IG Report No. D-2007-042, "Potential Antideficiency Act Violations on DoD Purchases Made Through Non-DoD Agencies," January 2, 2007, the DoD IG recommended that the USD(C)/CFO perform an independent assessment and determine whether formal investigations should occur for 12 potential ADA violations. The 12 purchases included:

1. Partners for Youth Success Information Technology,
2. Partners for Youth Success Program-Marketing,
3. Steam Cleaners,
4. Navy Excellence Through Commitment to Education and Learning,
5. Chief Information Officer Integrated,
6. Defense Message System,
7. Video Teleconference Upgrades,
8. Work Force Learning Project,
9. Smart Gate,
10. End User Devices,
11. Joint Detainee Information Management System, and
12. Beneficiary Services and Ancillary Support.

See Appendix D for a description of each purchase. The Deputy Chief Financial Officer, OUSD(C)/CFO concurred and stated that his office would work with the DoD OGC to determine whether formal investigations should occur for the potential ADA violations. The OUSD(C)/CFO and DoD OGC completed a review of the 12 purchases and determined that no potential ADA violations occurred and no formal investigations were necessary. Our comments on the purchases are included.

Purchases. The OUSD(C)/CFO provided a summary on the 12 purchases discussing why each was not considered either a bona fide needs violation or a purpose statute violation.

For the Partners for Youth Success Information Technology and Partners for Youth Success Program-Marketing purchases, the OUSD(C)/CFO stated that no ADA violation had occurred because "The bona fide need existed and a legal

obligation occurred at the time of order acceptance and year of appropriation. The period of performance did not exceed 1 year. While considered legal, policy was amended October 2006." Section 1502(a), title 31, United States Code states that funds are only available to complete contracts within the funds period of availability or to complete contracts properly made within that period of availability. The OUSD(C)/CFO explanation does not address the DoD MIPR specifying the period of performance that occurred in the fiscal year after the funds expired. The purchases do not comply with the intent of 10.U.S.C. 2410a, which states funds made available for a fiscal year may be obligated for the total amount of a contract entered into. The partial funds were added in FY 2004, but the period of performance occurred in FY 2005. Accordingly, we believe the bona fide needs rule was knowingly violated.

For the Steam Cleaners purchase, the OUSD(C)/CFO stated the same previous explanation and added "… The delay in delivery of the item did not eliminate the bona fide need. Items were a bona fide need at the time of order." GSA awarded the contract in FY 2005 on December 22, 2004, with a delivery date by January 24, 2005. As stated in DoD IG Report No. D-2007-042, the Army Reserve Command used FY 2004 O&M funds for the purchase. The Army purchased a commercial item, and there was no evidence that a long lead time was necessary to obtain the product. Section 1502(a), title 31, United States Code states that funds are only available to complete contracts within the funds period of availability or to complete contracts properly made within that period of availability. The OUSD(C)/CFO explanation does not address GSA placing the funds on contract in the next fiscal year. Furthermore, the MIPR was sent to GSA on September 24, 2004. Accordingly, we believe there was no expectation that the commercial steam cleaner could ever be delivered in FY 2004.

For the Navy EXCEL (Excellence Through Commitment to Education and Learning) purchase, the OUSD(C)/CFO stated that no ADA violation had occurred and that the purchase was not a major upgrade or modernization effort. Additionally, it did not establish new functionality and the effort was migrating from proprietary application to a commercial off-the-shelf open architecture. The DoD FMR states for the RDT&E appropriations: "Commercial-off-the shelf (COTS) systems that require engineering design, integration, test, and evaluation to achieve the objective performance will be budgeted in RDT&E." As stated in DoD IG Report No. D-2007-042, O&M funds were used for this purchase. The performance-based statement of work states, "In preparation for transition from the current Phase I NKO [Navy Knowledge Online] system to the Phase II NKO system, the contractor shall execute tasking as defined in this PBSOW [performance-based statement of work] and the Price Performance Matrix to develop a comprehensive Transition Plan." The statement of work also states the contractor shall provide new capabilities to the Phase II Navy Knowledge Online system and prepare a New Capabilities Plan Document. Also, as stated in DoD IG Report No. D-2007-042, the deliverables include items such as a "software test plan," Government Acceptance Testing, and the initial capabilities tasks that occur at the very end of the project. The OUSD(C)/CFO explanation does not address these issues. We believe RDT&E funds should have been used.

For the Chief Information Officer Integration purchase, the OUSD(C)/CFO stated no ADA violation had occurred and the statement of work

was dated June 7, 2004, so a bona fide need was established in 2004. The order for contracting was not initiated until late September because of the Navy review process and Hurricane Ivan. Section 1502(a), title 31, United States Code states that funds are only available to complete contracts within the funds period of availability or to complete contracts properly made within that period of availability. The purchase used FY 2004 O&M funds. The OUSD(C)/CFO did not address that, as of December 16, 2004, no contract was in place. Also, as stated on page 19, Comptroller General Decision B-308944 applies to this purchase. Comptroller General Decision B-308944 states that MIPRs have to identify specific items or services to acquire. The specificity required of interagency agreements should be similar to the specificity required of solicitations under the Federal Acquisition Regulation. For the Chief Information Officer Integration Purchase, DoD IG Report No. D-2007-042 states "… no specific interagency agreement obligating the funds existed and GSA did not award the contract in FY 2004." Therefore, the OUSD(C)/CFO should have required the funds be replaced, as the OUSD(C)/CFO had numerous other DoD organizations do with potential ADA violations identified using non-DoD agencies.

For the Defense Message System purchase, the OUSD(C)/CFO stated no ADA violation had occurred and that the purchase was for an upgrade, not a system. The DoD FMR states for procurement appropriations: for modification efforts, only the cost of the upgrade (for example, new software, hardware, and technical assistance) is counted towards the investment threshold of $250,000. The OUSD(C)/CFO did not address the upgrade cost of $556,500 being more than the procurement appropriation threshold. Therefore, we believe an ADA violation occurred, as the wrong funds were used for the purchase.

For the Video Teleconference Upgrades purchase, the OUSD(C)/CFO stated no ADA violation had occurred and the system was actually 12 separate systems that do not exceed $250,000. We concur with the response.

For the Work Force Learning Project, the OUSD(C)/CFO stated no ADA violation had occurred and RDT&E funds were used for the purchase. OUSD(C)/CFO personnel stated that a Navy organization sent RDT&E funds to the Space and Naval Warfare Systems Center New Orleans. The Space and Naval Warfare Systems Center New Orleans then used O&M funds for the purchase. The DoD OGC fiscal lawyer stated he was "… unaware of any fiscal law prohibition against a DoD component accepting RDT&E or Procurement funds … and depositing those funds into an O&M account for purposes of carrying out the order (contracting for and providing the requested goods or services)." This explanation appears to violates DoD policy, DoD FMR volume 3, chapter 15, paragraph 150204, which indicates that the USD(C)/CFO is the approval authority for reimbursement programs. The OUSD(C)/CFO provided no evidence that it delegated this authority to the Space and Naval Warfare Systems Center New Orleans.

For the Smart Gate purchase, the OUSD(C)/CFO stated no ADA violation had occurred and "The bona fide need existed and a legal obligation occurred at the time of order acceptance and year of appropriation. The delay in delivery of the item did not eliminate the bona fide need." The OUSD(C)CFO also wrote

that O&M funds were appropriate as the project did not meet the definition of a military construction project or facility. Section 1502(a), title 31, United States Code states that funds are only available to complete contracts within the funds period of availability or to complete contracts properly made within that period of availability. The OUSD(C)/CFO explanation did not address that GSA did not award the contract until April 30, 2004, using FY 2003 O&M funds, or the approximately $100 million still remaining at GSA. Furthermore, the OUSD(C)/CFO maintains that the contract was for supplies not services, which was inconsistent with the scope of work (construction). Lastly, the OUSD(C)/CFO ignored a delivery schedule for installing the Smart Gates that extended into FY 2005.

For the End User Devices purchase, the OUSD(C)/CFO stated no ADA violation had occurred and "The bona fide need existed and a legal obligation occurred at the time of order acceptance and year of appropriation. The delay in delivery of the item did not eliminate the bona fide need. While considered legal, policy was amended October 2006." The Air Force used FY 2004 O&M funds, which expired on September 30, 2004, for this purchase. Section 1502(a), title 31, United States Code states that funds are only available to complete contracts within the funds period of availability or to complete contracts properly made within that period of availability. The OUSD(C)/CFO explanation did not address that, as of January 4, 2005, no contract was in place and that GSA did not award the purchase until July 2005, using expired funds. We believe this violates the bona fide needs rule. Additionally, the OUSD(C)/CFO inconsistently had DoD organizations replace funding. OUSD(C)/CFO ensured that DoD organizations, with purchases similar to this, replaced the funds. For example, the Air Force replaced FY 2006 O&M funds with FY 2007 funds to correct a potential ADA violation in which a non-DoD agency did not put the funds on contract until the next fiscal year. However, OUSD(C)/CFO did not require the Air Force Medical Supply Agency to replace these funds.

For the Joint Detainee Information Management System purchase, the OUSD(C)/CFO stated no ADA violation had occurred and that the modification was not one system. We concur with the response.

For the Beneficiary Services and Ancillary Support purchase, the OUSD(C)/CFO stated no ADA violation had occurred and "The bona fide need existed and a legal obligation occurred at the time of order acceptance and year of appropriation. The period of performance did not exceed one year. While considered legal, policy was amended October 2006." To meet bona fide needs rule requirements and 10 U.S.C. 2410a considerations, the OUSD(C)/CFO has specified that funds for severable services must be obligated in the year of the appropriation funding the services, and the contract period of the services cannot exceed 1 year. Additionally, 31 U.S.C. 1502(a) states that funds are only available to complete contracts within the funds period of availability or to complete contracts properly made within that period of availability. The OUSD(C)/CFO explanation does not address GSA placing the funds on contract in October 2004. We believe this violates the bona fide needs rule.

Appendix D. FY 2004 Potential ADA Violations at GSA

The following list contains the 38 potential ADA violations as they were noted in DoD IG Report No. D-2005-096, "DoD Purchases Made Through the General Services Administration," July 29, 2005. The 12 potential ADA violations in Appendix C are included herein.

Army Materiel Command

1. **Relocation/IT Support.** The Army Materiel Command sent MIPR MIPR3M6ADPP02 for approximately $1.9 million and MIPR MIPR3M6ADPP02 Amendment 1 for $500,000 to GSA on September 30, 2003, for relocation of IT support using O&M Funds. The relocation support included seat management equipment and services. Although a contract existed, GSA had not amended the contract to reflect the MIPR requirements as of November 2004. Use of FY 2003 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide need rule.

2. **Relocation/Cell Phones.** The Army Materiel Command sent MIPR MIPR4MG6ISW040 for $420,000 to GSA on September 28, 2004, using O&M Funds. The requirement was for cellular phones, pagers and blackberries. As of November 2004, GSA had not placed the funds on contract to purchase the equipment. The anticipated receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. No bona fide need exists because the equipment will not be provided until FY 2005 and the Army Materiel Command used FY 2004 O&M Funds, which expired on September 30, 2004.

3. **Management Consulting Services.** The Army Materiel Command sent MIPR MIPR4LG1SERV21 for $324,000 to GSA on August 11, 2004, using FY 2004 O&M funds. GSA accepted the funds on the same day. The requirement funded the Army Materiel Command management consulting project. GSA obligated the funds against contract number GS-10F-0439P, task order 5TPS210R00030F on January 27, 2005, with a period of performance of February 1, 2005, to January 31, 2006. The procurement was for severable services. No FY 2004 bona fide need existed because the order for supplies and services met a FY 2005 requirement that lasted until FY 2006.

Army Accession Command

4. **Communications and Electronics Helpdesk.** The Army Accession Command sent MIPR MIPR04A04000021 amendment 7 for $24,995 of FY 2004 O&M funds to GSA on September 30, 2004, to exercise option year 3 of a task order providing Information Technology Communications and

Electronic Help Desk support services from October 1, 2004 through September 30, 2005. Exercise of an option year is clearly a procurement of severable services that are not a FY 2004 requirement. GSA modified the contract with an effective date of October 20, 2005. FY 2004 O&M Funds expired on September 30, 2004, and the period of service was for FY 2005. The procurement was for a continuation of severable services that will be received in FY 2005. Therefore, no FY 2004 bona fide need existed for this procurement.

5. **Cell Phone and Telecommunications Project.** The Army Accession Command sent MIPR MIPR4K04000137 amendment 1 for $60,000 to GSA on September 23, 2004, using FY 2004 O&M Funds. It also sent MIPR MIPR4K04000147 amendments 1 and 5 for approximately $5.4 million and $1,400 to GSA on September 23 and September 30, respectively, using FY 2004 O&M funds. The Army Accession Command procured cell phones for all Army Recruiters and selected Headquarters staff to maintain contact with the recruiter' applicants and staff. The task order indicates the period of performance was for option year 4 of the contract starting October 1, 2004, through September 30, 2005. Exercise of an option year is clearly a procurement of severable services that are not a FY 2004 requirement. The receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. In addition, the services were severable and met a FY 2005 requirement. Therefore, no bona fide need existed in FY 2004.

6. **Partners for Youth Success Program-Marketing.** The Army Accession Command sent MIPR MIPR4G04000102 amendment 2 for $214,127 to GSA on September 14, 2004, using FY 2004 O&M Funds. The Army Accession Command required Marketing for the Army's Recruiting Program. The Army Accession Command used FY 2004 O&M funds, which expired on September 30, 2004. The period of performance occurred from January 1, 2005, through April 30, 2005. Therefore, no FY 2004 bona fide need existed for services that were clearly an FY 2005 requirement.

7. **Partners for Youth Success Information Technology.** The Army Accession Command sent MIPR MIPR4G04000104 amendment 2 for approximately $167,000 to GSA on September 14, 2004, using O&M funds. FY 2004 O&M funds expire on September 30, 2004. The Army Accession Command procured IT support to develop and maintain a web-based marketing tool for recruiting. The MIPR period of performance for service is January 1, 2005, through April 30, 2005. Therefore, no FY 2004 bona fide need existed for services that were clearly a FY 2005 requirement.

8. **Joint Recruiting Management System.** The Army Accession Command sent MIPR MIPR4A04000026 amendment 6 for $300,000 to GSA on September 24, 2004, using FY 2004 O&M funds. The Army Accession Command exercised option year 3 of a task order to continue services in support of the development of a database to maintain the information/leads on potential applicants for military service. Exercise of an option year is clearly a procurement of severable services that are not a requirement of FY 2004. The period of performance for services occurred from October 1, 2004,

through September 30, 2005. The procurement for services was severable and met a FY 2005 requirement. Therefore, no bona fide need existed for FY 2004.

Army Reserve Command

9. **Individual Training Requirements System.** The Army Reserve Command sent MIPR MIPR04ITRS3092 for $1,700,244 to GSA on July 27, 2004, using O&M funds, which expire on September 30, 2004. The Army Reserve Command exercised option year 3 to continue support services for the Individual Training Requirements System project. There was no bona fide need in FY 2004 because option year 2 covered that fiscal year. Therefore, the bona fide need did not rise until FY 2005. Exercise of an option year is clearly a procurement of severable services that were not a FY 2004 requirement. GSA obligated the funds against contract number GS-35F-4797H, task order 4TEG21023601. The MIPR identified FY 2005 as the period funded. No FY 2004 bona fide need existed because the MIPR funded a FY 2005 requirement.

10. **Steam Cleaners.** The Army Reserve Command sent MIPR MIPR04STEAM169, for approximately $49,000 to GSA on September 24, 2004, using O&M Funds, to purchase a heavy equipment steam cleaner mounted on a flat bed trailer. The acquiring official stated that he ordered the equipment through GSA rather than lose the funding. As of February 22, 2005, the steam cleaners had not been received but Army Reserve Command officials believed the steam cleaners were on contract. The receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. Therefore, no bona fide need existed for this requirement.

11. **Army Wide Training Tracking System/Army Training and Information Management System Development.** The Army Reserve Command sent MIPR MIPR04WWODT120 for approximately $662,000 to GSA on September 24, 2004, using FY 2004 O&M Funds, to support and maintain an internet based management and tracking system to accommodate all Army units and soldiers conducting training events. GSA accepted the funds on September 25, 2004, but had not awarded a contract as of November 23, 2004. The procurement was for severable services described in a statement of work dated November 2, 2004. Therefore, no bona fide need existed for this procurement in FY 2004.

National Guard Bureau

12. **Sensor Evaluation.** The National Guard Bureau sent MIPR NMIPR04860345 to GSA for $208,333 on September 23, 2004, using FY 2004 O&M funds. GSA accepted the funds on September 27, 2004. GSA awarded Order number GST0405DE0025, Contract GS04T02BFD003 on November 17, 2004. The National Guard Bureau required sensors and a procurement plan for equipping the C-130 RORO pallet with operational

sensors in support of the Counter drug Technology Consortium Project. The statement of work identified the project as developmental. The statement of work also identified developmental type tasks, that is, systems design, prototypes and the work is performed at a Research Institute. RDT&E Funds are used to develop major system upgrades, to purchase test articles, and to conduct developmental testing and initial operational testing and evaluation prior to system acceptance and subsequent production. Based on this information, RDT&E funds should have been used instead of O&M funds. Therefore, the National Guard Bureau used an incorrect appropriation. In addition, GSA awarded the task order on November 17, 2004, in FY 2005. The period of performance for the requirement is for 18 months, from November 17, 2004, through May 16, 2006. GSA awarded the contract action in FY 2005 and the period of performance was in FY 2005 and FY 2006. FY 2004 O&M funds cannot be used to fund severable services on this contract action for more than 12 months. In addition, the receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. Therefore, there was no bona fide need for this purchase in the fiscal year of the appropriation used and a potential Antideficiency Act violation has occurred.

13. **Web Site Development.** The National Guard Bureau sent MIPR NMIPR04860338 for $200,000 to GSA on September 17, 2004, using FY 2004 O&M funds. GSA accepted the funds on September 28, 2004. GSA awarded the contract November 22, 2004. The National Guard Bureau required support for development of the Counterdrug internal Web sites. The statement of work identifies the work as developmental. It states that "the intent of NGB-CD [National Guard Bureau–Counterdrug] that this "NGB-CD Internal Web Management System Development" work follow a spiral developmental model." The statement of work also identifies developmental type tasks, that is, systems design, prototypes. The work is performed at a Research Institute. RDT&E Funds are used to develop major system upgrades, to purchase test articles, and to conduct developmental testing and initial operational testing and evaluation prior to system acceptance and subsequent production. Based on this information, RDT&E funds should have been used instead of O&M funds. Therefore, the National Guard Bureau used an incorrect appropriation. In addition, GSA awarded the contract November 22, 2004, in FY 2005. The period of performance for this GSA contract action is from November 22, 2004, through May 21, 2006. FY 2004 O&M funds cannot be used to fund severable services on this contract more than 12 months. Therefore, a potential Antideficiency Act violation has occurred.

14. **Weapons of Mass Destruction First Response Equipment Buy.** The National Guard Bureau sent MIPR NMIPR04860337 for $7 million to GSA on September 16, 2004, using FY 2004 O&M funds. GSA had not awarded a contract as of January 31, 2005. Accordingly, the bona need rule was not met. The National Guard Bureau required program management, training information systems delivery, equipment logistics support, and procurement support for the Weapons of Mass Destruction 1st Response Equipment Buy. This purchase consists of support services and equipment. The acquisition and deployment of a system, the aggregate cost of all components such as

equipment, integration, engineering support, and software, with a cost of $250,000 or more is an investment and should be funded with Other Procurement Funds. Based on the statement of work task description, the National Guard Bureau should have used Other Procurements Funds instead of O&M funds. Therefore, the National Guard Bureau also used an incorrect appropriation. Since no contract was awarded, the National Guard Bureau should deobligate the funds currently at GSA for this purchase and start over with the correct appropriation. Once those actions are complete, there will not be a potential Antideficiency Act violation in connection with this purchase.

15. **Active Directory Support.** The National Guard Bureau sent Miscellaneous Obligation/ Reimbursement Document OGMORD0486046 for $10.1 million to GSA on August 20, 2004, using O&M funds. The National Guard Bureau required strategic planning, requirements analysis, systems integration, facilities management, office automation and networks; software management, data management, information systems engineering, training maintenance, and tools in support of the Active Director Support Project. The acquisition and deployment of a complete system, the aggregate cost of all components such as equipment, integration, engineering support, and software, with a cost of $250,000 or more is an investment and should be funded with Other Procurement Funds. Based on the above description of the task, Other Procurement Funds should have been used instead of O&M funds. Therefore, the National Guard Bureau used an incorrect appropriation.

16. **Combat Banners.** The Project Office for Combat Banners is at the Air Combat Command. The Air National Guard sent MIPR NMIPR04860278 for $327,000 to GSA on August 19, 2004, using FY 2004 O&M Funds. The Air National Guard requirement included a wide variety of airborne simulation capabilities utilizing Lear 35/36 Type (or similar) aircraft towing the TDU-32A/B providing target presentations to train Air Force Fighter pilots and weapon systems operators on the employment of the M61 20mm gun. GSA obligated funds against contract number GS03T02DSD0011, task order GST0304DS2026 on September 13, 2004, for supplies to be delivered in December 2005, and task order GST0305DS2237 on February 1, 2005, for missions to be accomplished in February and June 2005. The receipt of supplies after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. The procurement for services is severable and meets FY 2005 requirements. Therefore, a bona fide need does not exist for FY 2004.

Army Program Manager, Defense Communications and Army Transmission Systems

17. **AMC Headquarters Relocation Project.** The PM/DCATS sent 18 MIPRs for approximately $44 million to GSA, using FY 2002, FY 2003, and FY 2004 O&M Funds, for the relocation of the Army Material Command Headquarters. GSA contractors built 2 modular buildings that did not previously exist, to lease to PM/DCATS. Military Construction includes the work to produce a complete and usable facility. PM/DCATS should have

requested Military Construction Funds from Congress for the project. Therefore, PM/DCATS used the incorrect appropriation.

Naval Education and Training Command

18. **Computer Purchase.** The Naval Education and Training Command sent MIPR N6804504MPAC202 for $8 million to GSA on August 24, 2004, using O&M Funds, which expire on September 30, 2004. The Naval Education and Training Command requested GSA procure 5,000 computers. GSA obligated the funds against contract number GS-35F-0215J, task order 4TNG17042010 on September 7, 2004. Because the Naval Education and Training Command is upgrading its computers, and the cost is above the threshold of $250,000 for use of O&M Funds, Other Procurement Funds should have been used. Other Procurement Funds are used for upgrades, including new hardware, with a cost of $250,000 or more. Therefore, the Naval Education and Training Command used the incorrect appropriation.

19. **Learning Management System Support.** The Naval Education and Training Command sent MIPR N6804504MPEL265 for approximately $3.5 million to GSA on September 28, 2004, using FY 2004 O&M Funds. The Naval Education and Training Command used GSA to procure the Learning Management System Support Integrated Learning Environment. The purpose is to provide those products and services necessary to provide functionality in support of the Navy's Integrated Learning Environment. The period of performance is from October 2004 through September 2005, fulfilling a FY 2005 requirement. FY 2005 funds should have been used. The receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. Therefore, there was no bona fide need in FY 2004 for this procurement.

20. **Chief Information Officer Integration.** The Naval Education and Training Command sent MIPR N6804504MPFQ446 for approximately $546,000 to GSA on September 30, 2004, using FY 2004 O&M Funds. The Naval Education and Training Command purchased support study services for the Navy Marine Corps Intranet project. As of December 16, 2004, GSA had not awarded a contract for this requirement. Accordingly, the bona fide need rule was not met.

21. **Navy EXCEL.** The Naval Education and Training Command sent MIPR N6804504MPX5104 for approximately $2.5 million to GSA on July 21, 2004; MIPR N6804504MPX5104 amendment 1 for approximately $5.7 million to GSA on September 13, 2004; and MIPR N6804504MPX5104 amendment 2 for $2.4 million to GSA on September 25, 2004, using O&M Funds. The Naval Education and Training Command used GSA to procure the Navy Knowledge Online Task Force EXCEL (Excellence through Commitment to Education and Learning) to transform training to incorporate changes in technologies, systems, and platforms being developed for tomorrow's Fleet. GSA obligated the funds against contract number GS-35F-4381G on June 9, 2004, and modified the order on July 28, 2004. It appears that GSA awarded the task and work started prior to GSA receiving

funds from DoD. The deliverables in the statement of work include items such as "software test plan" and Government Acceptance Testing. Also, the initial capabilities task occurs at the very end of the project. RDT&E Funds are used to develop major system upgrades, to purchase test articles, and to conduct developmental testing and initial operational testing and evaluation prior to system acceptance and subsequent production. Therefore, the Naval Education and Training Command used the incorrect appropriation.

Naval Reserve Forces

22. **Defense Message System.** The Naval Reserve Forces sent MIPR N000720MP34275, for approximately $706,000 to GSA on September 13, 2004 and MIPR N000720MP34275 amendment 1, for $566,500 to GSA on September 29, 2004, using O&M Funds that expired on September 30, 2004. The Naval Reserve Forces upgraded the Defense Message System servers and messaging. GSA obligated the funds against contract number GS-35F-4076D, task order BJB174733T2 for computers on September 27, 2004, and contract number GS-35F-4390G, task order FJB174739T2 for training on November 1, 2004. The modification of a system with a cost of $250,000 or more is an investment and should be funded with Other Procurement Funds. Therefore, the Naval Reserve Forces used the incorrect appropriation.

Space and Naval Warfare Systems Command

23. **Toner Printer Supplies.** The Space and Naval Warfare Systems Command sent MIPR N0003904IPFG003 for approximately $212,000 to GSA on September 22, 2004, for toner supplies, using FY 2004 O&M Funds. The Space and Naval Warfare Systems Command purchased toner for FY 2005, using FY 2004 funds. The receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. Therefore, no bona fide need existed.

24. **Video Teleconference Upgrades.** The Space and Naval Warfare Systems Command sent MIPR N0003904IPFG004 for approximately $416,000 using O&M Funds and MIPR N0003904IPFDB97 for $460,000 to GSA on September 29, 2004, using Other Procurement Funds, to purchase video teleconference upgrades and equipment. GSA obligated the funds against contract number GST0905DF0040 in October 2004. The Space and Naval Warfare Systems Command obtained upgrades (using MIPR N0003904IPFG004) above the O&M funds threshold of $250,000. The modification of a system with a cost of $250,000 or more is an investment and should be funded with Other Procurement Funds. Therefore, the Space and Naval Warfare Systems Command used the incorrect appropriation. The FY 2004 O&M Funds expired on September 30, 2004, and GSA did not sign the contract for services until October 2004. The procurement for upgrade services portion of this order was severable and met a FY 2005 requirement. Therefore, no FY 2004 bona fide need existed.

Space and Naval Warfare Systems Center New Orleans

25. **Work Force Learning Project.** The Space and Naval Warfare Systems Center New Orleans sent MIPR N6925004MPGR001 for approximately $3.2 million to GSA on September 28, 2004, using O&M Funds. The Space and Naval Warfare Systems Center New Orleans used GSA to explore distance learning capabilities as an efficient and effective training vehicle for the DoD. This project is to further investigate and maximize use of distance learning techniques to support the civilian community learning requirements. GSA did not award a contract as of November 23, 2004. RDT&E funds are used to develop major system upgrades, to purchase test articles, and to conduct developmental testing and initial operational testing and evaluation prior to system acceptance and subsequent production. The Space and Naval Warfare Systems Center New Orleans should have used RDT&E funds because the type of work to be performed is research, definition, prototyping, and validation of processes, methods and tools related to civilian workforce development. Therefore, the Space and Naval Warfare Systems Center New Orleans used the incorrect appropriation. In addition, FY 2004 O&M Funds expired on September 30, 2004. GSA did not award a contract as of November 23, 2004. The procurement for services is severable and meets a FY 2005 requirement. No FY 2004 bona fide need exists.

Air Combat Command

26. **Battle Management Project.** The Air Combat Command sent MIPR DD48809N401296 for $1 million to GSA on September 9, 2004, using FY 2004 O&M Funds. The Air Combat Command purchased professional services for maintenance and repair of ground-base radar equipment and to Manage Air Combat Aerospace Operations Planning and Training Programs for the Battle Management Operations. GSA obligated the funds against contract number GS07T00BGD0021 exercising option year 3 of the services contract. The period of performance on the statement of work is October 1, 2004, through September 30, 2005, which is FY 2005. Option year 2 of the contract, covering the same services, ended on September 30, 2004. The procurement for services is severable and meets a FY 2005 requirement. FY 2005 O&M Funds should be used. Therefore, a bona fide need did not exist for FY 2004.

27. **Modernization of Weapon Systems.** The Air Combat Command sent MIPR DD44809N401215 for approximately $1.1 million to GSA on August 19, 2004, using FY 2004 O&M Funds to be obligated against contract number GS-00F-0034L, task order T0002AJ0213. The Air Combat Command tasks included technical evaluations and requirements development planning through automated acquisition and management of relevant data and technical assistance to support development of all integrated Air Force modernization and sustainment planning activities. Other Procurement Funds should have been used because of the cost of the upgrade, which includes technical assistance, is counted towards the investment threshold of $250,000

or more. Therefore, the Air Combat Command used the incorrect appropriation.

Air Force Electronic Systems Center

28. **Smart Gate.** ESC/FD sent MIPR NFDXXX03681387 for approximately $159 million to GSA on August 22, 2003; MIPR NFDXXX03681387 Amendment 1 for approximately $15 million to GSA on September 9, 2003; and MIPR NFDXXX03681387 Amendment 2 to pull back approximately $3 million from GSA on September 30, 2003, for security upgrades using FY 2003 O&M Funds, which expired on September 30, 2003. These upgrades included the smart gates, vehicle barriers, explosive detection equipment, and thermal imagers. Overall, five contracts awards are planned. GSA awarded contracts on April 30, 2004, and December 12, 2003, for vehicle barriers and thermal imager equipment, respectively. GSA used the General Supply Fund to award the two contracts that were funded for approximately $41 million. Additionally, GSA seeks to award three additional contracts for handheld and desktops explosive detection equipment and smart gates for approximately $130 million. The GSA initial review of the 3 proposals has indicated that it too has some concerns. The receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. No bona fide need exists because the funds expired on September 30, 2003, and the work would not be performed until FY 2005 or later. Military Construction includes the cost of all military construction work to produce a complete and usable facility or a complete and usable improvement to an existing facility. Because the vehicle barriers are construction, ESC/FD should have used Military Construction Funds. Therefore, ESC/FD used the incorrect appropriation.

29. **Security System Assessment.** ESC/FD sent MIPR NFDXXX03681571 for $2.9 million to GSA on September 25, 2003, using O&M funds for completion of site visits as the first part of the Security Assessment of 100 Air Force Bases. GSA awarded the contract in October 2003. The procurement for services is severable and met a FY 2004 requirement. Therefore, no FY 2003 bona fide need existed for this purchase.

30. **Joint Conflicts and Tactical Simulation System Assessment.** ESC/FD sent MIPR NFDXXX03681595 for approximately $1.24 million to GSA on September 30, 2003, utilizing O&M funds. GSA awarded the contract in October 2003. The ESC/FD procured support services to conduct a simulation vulnerability study of 100 Air Force Bases worldwide. The procurement for services is severable and met a FY 2004 requirement. Therefore, no FY 2003 bona fide need existed for the purchase.

Air Force Medical Support Agency

31. **End User Devices.** The Air Force Medical Support Agency sent MIPR NMIPR045204141 for approximately $2.8 million and MIPR NMIPR045204112 for approximately $8.2 million to GSA on

September 14, 2004, and September 1, 2004, respectively, using O&M funds. The Air Force Medical Support Agency required End User Devices in support of the worldwide deployment of Composite Health Care Systems to Air Force Medical Facilities. FY 2004 O&M funds expired on September 30, 2004. As of January 4, 2005, GSA has not awarded a contract action for the requirements for MIPR NMIPRO4524141. The receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. Therefore, no bona fide need existed.

32. **Web Management Design.** The Air Force Medical Support Agency sent MIPR NMIPR405203590 for approximately $1.7 million and MIPR NMIPR045204164 for $288,000 to GSA on October 16, 2003, and September 28, 2004, respectively, using FY 2004 O&M funds. The Air Force Medical Support Agency required Web Management, Design, and Contract Support. GSA awarded a contact with funds from MIPR NMIPR405203590 on January 28, 2004. However, the Air Force Medical Support Agency personnel could not determine whether GSA awarded a contract for MIPR NMIPR045204164 as of January 5, 2005. Contracts for severable services must be formed in the fiscal year of the funds being used. Services under such contracts must meet the bona fide needs rule. Accordingly, we believe the Air Force Medical Support Agency did not have a bona fide need for the FY 2004 O&M funds used on MIPR NMIPR045204164. Furthermore, the Air Force Medical Support Agency used O&M funds for the purchase of developmental type equipment, which should have been funded with RDT&E funds. RDT&E Funds are used to develop major system upgrades, to purchase test articles, and to conduct developmental testing and initial operational testing and evaluation prior to system acceptance and subsequent production. The Air Force Medical Support Agency used the incorrect appropriation for this purchase. Also, the Air Force Medical Support Agency funded the FY 2005 option year with a combination of FY 2002 and 2003 O&M funds. See section on Improper Use of Funds, page 13 for further details.

U.S. Southern Command

33. **Debit Card Pilot Program.** The Southern Command sent MIPR MIPR3L21F60012 for $637,294 to GSA on August 13, 2003 and MIPR MIPR3L21F60012 Amendment 1 for $150,000 to GSA on September 25, 2003, using O&M funds. GSA awarded the contract on August 20, 2003. The requirement is for testing the U.S. Debit Card for the U.S. Treasury Department and developing an interface with DoD financial systems. RDT&E Funds are used to develop major system upgrades, to purchase test articles, and to conduct developmental testing and initial operational testing and evaluation prior to system acceptance and subsequent production. Because the Southern Command is requiring contractors to perform testing and developmental efforts, RDT&E Funds should have been used instead of O&M Funds. Therefore, the Southern Command used the incorrect appropriation.

34. **Joint Detainee Information Management System.** The Southern Command sent MIPR MIPR4K47G6U199 for approximately $573,000 to GSA on July 26, 2004, using O&M funds. The Southern Command required various hardware and software for the Joint Detainee Information Management System. The modification of a system with a cost of $250,000 or more is an investment and should be funded with Other Procurement Funds. Therefore, the Southern Command used the incorrect appropriation.

Defense Manpower Data Center

35. **Universally Accepted Credentials.** The Defense Manpower Data Center sent MIPR X14H5A44F136MP, Amendment 1 for $360,000 to GSA on September 28, 2004, using O&M funds. The Defense Manpower Data Center required commercial off the shelf hardware and software, technical support services, and hardware maintenance. GSA had not placed the funds on the contract as of December 15, 2004. The procurement for services was severable and met a FY 2005 requirement. In addition, the receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. Therefore, no bona fide need existed.

36. **Beneficiary Services and Ancillary Support.** The Defense Manpower Data Center sent MIPR XK3H5A33F273MP for $6 million to GSA on September 26, 2003, using O&M funds. The Defense Manpower Data Center required highly qualified on-site technical support contractor personnel to provide local area network/wide area network engineering and administration, Unix system administration support, Oracle database support, technical writing, and project planning and management as Defense Management Data Center Systems Integration and Technical Support Division staff. GSA awarded the contract in October 2004. The procurement for services was severable and met a FY 2005 requirement. Therefore, no bona fide need existed in the year of the appropriation.

37. **Defense Biometric Identification System.** The Defense Manpower Data Center sent MIPR XK4H5A44F288MP Amendment 1 for $1.25 million to GSA on September 28, 2004, using O&M funds. The Defense Manpower Data Center required highly qualified personnel for both ongoing and ad hoc Common Access Card failure analysis, durability analysis, and Common Access Card Program Support for the Enterprise Defense Biometric Identification System and Defense Cross-Certification Identification System. The Defense Manpower Data Center sent the MIPR using FY 2004 funds, however; as of December 16, 2004, GSA had not placed the funds on the contract. FY 2005 funds should have been used for this severable services contract.

38. **CAC Vulnerability.** The Defense Manpower Data Center sent MIPR XX4H5A44F222MP Amendment 1 for $350,000 to GSA on August 12, 2004, using O&M funds. The requirement is for the continued testing of the Common Access Card vulnerability testing to ensure Common Access Card security. As of December 16, 2004, GSA had not obligated the

MIPR funds on a contract. Accordingly, the bona fide need rule had not been met. FY 2004 O&M funds expired on September 30, 2004. Therefore, FY 2005 funds should have been used for this purchase.

Appendix E. Potential ADA Violations That Occurred Primarily in FY 2005

Appendix E lists the 69 potential FY 2005 ADA violations as they were noted in DoD IG Report D-2007-042, "Potential Antideficiency Act Violations Made Through Non-DoD Agencies," January 2, 2007.

GENERAL SERVICES ADMINISTRATION

U.S. Army Intelligence Center and Fort Huachuca

1. **Interactive Multimedia.** The U.S. Army Intelligence Center and Fort Huachuca sent MIPRs MIPR5FGSA5W054, MIPR5FGSA5W055, MIPR5FGSA5W056, and MIPR5FGSA5W057 (totaling approximately $2.61 million) to GSA on March 25, 2005, to obtain multimedia courseware development using a special FY 2004 O&M fund that lasts 2 years. The fund used expired on September 30, 2005. As of December 1, 2005, GSA had not awarded a contract. Use of FY 2004 2-year O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

Fleet Numerical Meteorology and Oceanography Center

2. **NetCentric FastTrack Services.** The Fleet Numerical Meteorology and Oceanography Center sent funding document N63134-04-WR-00004 for $386,000 to GSA on September 9, 2003, and GSA accepted the funding document on September 24, 2003; N63134-04-WR-00004, amendment 1 for negative $386,000 to GSA on September 29, 2003; N63134-04-WR-00004, amendment 2 for $350,000 to GSA on September 29, 2003; funding document N63134-04-WR-00004, amendment 3 for negative $105,038 to GSA on July 14, 2004; and funding document N63134-04-WR-0004, amendment 4 for $156,000 (citing FY 2004 O&M funds) to GSA on October 28, 2004. The total of the FY 2004 funding documents was $400,962, using O&M Funds. The center was procuring severable services consisting of contractor subject matter expertise in exploring methods to exploit Web-based information systems. The services being procured were severable and the period of performance was from May 26, 2005, through May 25, 2006, a period that crosses from FY 2005 to FY 2006. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

3. **Trusted Service Engine.** The Fleet Numerical Meteorology and Oceanography Center sent funding document N63134-04-WR-00059 for

$850,000 to GSA on September 16, 2004, and funding document N63134-04-WR-00059, amendment 1 for a negative $10,035 to GSA on May 26, 2005, for a total of $839,965 in FY 2004 O&M funds. The contract was for services to demonstrate that computer users will be limited to viewing information at their security classification level or lower when working on multiple networks with information of varying security classification levels. The period of performance for the severable services being procured was May 25, 2005, through January 31, 2006, a period that crosses from FY 2005 to FY 2006. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

4. **Come and Get It Product Services.** The Fleet Numerical Meteorology and Oceanography Center sent funding documents N63134-04-WR-00037 for $240,000 to GSA on July 20, 2004; amendment 1 for $1,256,690 to GSA on September 8, 2004; amendment 2 for $595,000 to GSA on September 10, 2004; amendment 3 for negative $20,000 to GSA on September 16, 2004; amendment 4 for $134,501 to GSA on September 29, 2004; and amendment 5 for negative $195,574 to GSA on October 28, 2004. They also sent funding document N63134-04-WR00028 for $60,000 to GSA on May 17, 2004, and amendment 1 for $10,000 to GSA on September 8, 2004. In FY 2005, the Fleet Numerical Meteorology and Oceanography Center sent funding document N6313405WR00701 for $33,036 to GSA on November 22, 2004; amendment 1 for $166,963 to GSA on December 1, 2004; amendment 2 for negative $33,036 to GSA on September 22, 2005; and amendment 3 for negative $13,318 to GSA on September 28, 2005. This purchase was funded for $2,080,617 in FY 2004 O&M funds and $153,645 in FY 2005 O&M funds. This procurement was an upgrade to the Primary Oceanographic Prediction system. The Fleet Numerical Meteorology and Oceanography Center should have used Other Procurement funds for this purchase, not O&M funds. Therefore, the Fleet Numerical Meteorology and Oceanography Center used the incorrect appropriation. GSA awarded the contract January 4, 2005.

5. **Information Assurance.** The Fleet Numerical Meteorology and Oceanography Center sent funding document N6313404WR00056 for $600,000 to GSA on September 15, 2004; funding document N6313404WR00064 for $300,000 to GSA on September 29, 2004; and funding document N6313404WR00064, amendment 1 for negative $136,336 to GSA on October 28, 2004. The funding totaled $763,664 in FY 2004 O&M funds, which expired on September 30, 2004. The services being obtained were support services for information assurance projects dealing with weather forecasts that are being transmitted to the warfighter. The period of performance for the severable services being procured was January 4, 2005, through January 3, 2006, a period that crosses from FY 2005 to FY 2006. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

Air Force Accounting and Finance Office

6. **Kiosks.** The Air Force Finance and Accounting Office sent MIPR F1AF2B5265G001 for $1,400,000 to GSA on September 22, 2005, using FY 2005 O&M funds. The funds were to purchase automated kiosks that allow Air Force personnel to make inquiries about and changes to their pay and personnel records. The contract for the kiosks, which are considered commercial items, was awarded October 25, 2005. The Air Force Finance and Accounting Office purchased commercial items that will be delivered in FY 2006 using FY 2005 O&M funds. The receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

U.S. Central Command, Air Force

7. **Network Operation Security Center.** The U.S. Central Command, Air Force sent MIPR F3UTA65168GC01 for $16,999,993 to GSA on June 20, 2005; amendment 1 for $1,748,238 on August 30, 2005; and amendment 2 for negative $245,046 on September 23, 2005, using a 2-year FY 2004 O&M fund that expired on September 30, 2005. The funds were to purchase severable services supporting the Network Operations Security Center including networking, systems modeling, performance management, information assurance, routing, and switching. A bridge contract was first awarded with a period of performance from August 1, 2005, through September 30, 2005. The 2-year FY 2004 funds were also used to fund a FY 2006 contract with a period of performance form October 1, 2005, through September 30, 2006. Use of FY 2004 2-year O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

Joint Information Operations Center

8. **IT and Operations Support (J2).** For contracted support at the Joint Information Operations Center, the Headquarters, U.S. European Command sent MIPR MIPR4JGSAJ2043 for $311,709 to GSA on June 1, 2004, using FY 2004 O&M funds to partially fund a purchase for IT and operational expertise supporting the U.S. European Command, which includes integration of current IT, identifying information operations applicable databases, and technical expertise. GSA awarded the contract November 4, 2004. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

9. **Network System Support and Administration.** The Joint Information Operations Center sent MIPR NMIPR04250037 for $875,000 to GSA on September 25, 2003; MIPR NMIPR04250550 for $418,788 to GSA on September 8, 2004; MIPR NMIPR04250551 for $586,212 to GSA on

September 8, 2004; and MIPR NMIPR04250558 for $6,148 to GSA on September 14, 2004, for a total of $1,886,148 in FY 2004 O&M funds. The Joint Information Operations Center also sent MIPR F2MTKV5244G002 for $1,031,557 to GSA on October 13, 2005, using FY 2006 O&M funds. The funds were to purchase severable services supporting the command's network. The funds were used to cover a base contract period from September 15, 2003, through September 30, 2004, for $849,000; option year 1, from October 1, 2004, through September 30, 2005, for $891,000; and option year 2, from October 1, 2005, through September 30, 2006, for $891,000. Since no FY 2005 funds were sent to support option year 1, in FY 2005, it appears the services received that year were funded with FY 2004 funds. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

10. **Personal Video Systems.** The Joint Information Operations Center sent MIPR F2MTKV5262G001 for $73,912 to GSA on September 19, 2005, using FY 2005 O&M funds to purchase various Tandberg equipment, including 12 personal video systems. As of January 2006, no contract had been awarded for the equipment; therefore, the equipment will be delivered in FY 2006 or later. The receipt of goods after the DoD appropriation expired cannot be justified because of delivery time, production lead-time, or unforeseen delays. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

11. **Joint Multi-Disciplinary Vulnerability Assessment.** The Joint Information Operations Center sent MIPR F2MTKV5258G001 for $392,494 to GSA on September 20, 2005, using FY 2005 O&M funds. The funds were to purchase equipment in support of the Joint Multi-Disciplinary Vulnerability Assessment. As of January 2006, no contract had been awarded for the equipment; therefore, the equipment will be delivered in FY 2006 or later. The receipt of goods after the DoD appropriation expired cannot be justified because of delivery time, production lead-time, or unforeseen delays. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

Defense Security Service

12. **National Industrial Security Program Certification and Accreditation Tools.** The Defense Security Service sent MIPR NMIPR04970376 for $310,000 to GSA on September 17, 2004, using FY 2004 O&M funds. The funds were to purchase the testing of automated certification and accreditation tools, program management support, and independent verification and validation of automated tools. The contract for these severable services was awarded on August 25, 2005, for a period of performance of August 26, 2005, through August 25, 2006, a period that crosses from FY 2005 to FY 2006. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

DEPARTMENT OF THE INTERIOR

Department of Defense, Office of Inspector General

13. **DOI [Department of the Interior] Contract NBCHD020037.** Potential bona fide needs rule violations may have occurred for four orders issued by Southwest Acquisition Branch contracting officials under contract NBCHD020037. The DoD OIG ordered various types of computer equipment. The National Business Center, Southwest Acquisition Branch contracting officials awarded the five orders, for a total of $396,724, between September 25 and September 29, 2005. For three of the orders, the DoD OIG did not receive the equipment until FY 2006. Therefore, three separate potential ADA violations may have occurred. In addition, one potential ADA violation may have occurred for one other order because the order was awarded at the end of FY 2005 and the delivery date could not be determined. There was no evidence that a long lead-time was required to purchase these items, that the items were needed to replenish the inventory, or that there was an unforeseen delay in purchasing these items. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

Office of the Administrative Assistant to the Secretary of the Army

14. **DOI Contract 41181.** A GovWorks contracting officer awarded contract action 41181 to purchase decision agent network equipment for the Pentagon Telecommunications Service Center for $108,196. DOI contract action 41181, awarded on December 21, 2004, was partially funded for $72,033, using FY 2001 Army O&M funds that expired on September 30, 2001. The three MIPRs include MIPR1MINTPR070 for $6,831; MIPR1JDIT0N046 for $26,399; and MIPR1KINTWS058 for $38,803. MIPR MIPR4MINTMM125 for $36,162, using FY 2004 O&M funds was also used to fund the purchase. The equipment consisted of commercial items and there was no evidence that a long lead-time was required to purchase these items, or that the items were needed to replenish the inventory, or that there was an unforeseen delay in purchasing these items. Use of FY 2001 O&M funds to satisfy FY 2005 requirement does not meet the intent of the bona fide needs rule.

15. **DOI Contract 41181, Modification 0001.** A GovWorks contracting officer issued modification 0001 to contract action 41181 on January 18, 2005. Under modification 0001, the contracting officer removed $26,399 from one of the original Army FY 2001 O&M MIPRs used to fund contract action 41181 and replaced it with funds from four other expired Army O&M MIPRs. The four MIPRs include MIPR MIPR0MGSAIT092 for $160, using FY 2000 O&M funds; MIPR MIPR1MITST0074 for $3,176, using FY 2001 O&M funds; and MIPRs MIPR4LINTMM111 for

$11,393 and MIPR4MINTMM130 for $11,669, using FY 2004 O&M funds. Use of FYs 2000, 2001, and 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

16. **DOI Contract 40966.** A GovWorks contracting officer awarded contract action 40966 for $521,679 to purchase 71 computer servers for the Pentagon Telecommunications Service Center. GovWorks awarded contract action 40966 on November 30, 2004, funded with MIPR MIPR4MINIMM125, using FY 2004 Army O&M funds that expired on September 30, 2004. The computer servers were commercial items and there was no evidence that a long lead-time was required to purchase these items, or that the items were needed to replenish the inventory, or there was an unforeseen delay in purchasing these items. Use of FY 2004 O&M funds to satisfy FY 2005 requirement does not meet the intent of the bona fide needs rule.

17. **DOI Contract 41063.** On November 24, 2004, a GovWorks contracting officer awarded contract action 41063 for $3,840 to purchase an IBM Server Warranty for the Pentagon Telecommunications Center. Contract action 41063 was partially funded with O&M funds that had expired. MIPR MIPR2MINTMM081 for $158 and MIPR MIPR2MINTMM077 for $1,429 used FY 2002 O&M funds that expired on September 30, 2002. MIPR MIPR4BINTMM012 for $1,382 used FY 2004 Army O&M funds that expired on September 30, 2004. In addition, MIPR MIPR2LINTMM075 for $870 used FY 2002 Army other procurement funds that expired on September 30, 2004. Use of FY 2002 and FY 2004 O&M funds and FY 2002 other procurement funds to satisfy a FY 2005 requirement does not meet the intent of the bona fide needs rule.

18. **DOI Contract 41432.** On February 8, 2005, a GovWorks contracting officer awarded contract action 41432 for $7,476 to purchase three 42-inch high-definition plasma televisions for the Pentagon Telecommunications Center. Contract action 41432 was funded with MIPR MIPR4MINTMM130, using FY 2004 Army O&M funds that expired on September 30, 2004. The equipment consisted of commercial items and there was no evidence that a long lead-time was required to purchase these items, or that the items were needed to replenish the inventory, or that there was an unforeseen delay in purchasing these items. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

19. **DOI Contract 1435-04-02-CT-85531, Order 43387.** The Pentagon Telecommunication Center issued multiple MIPRs to purchase technical and functional support services. Of the 17 MIPRs used, MIPR MIPR3LINTMM101 used $1,038,376 with FY 2003 O&M funds, which expired on September 30, 2003. The Pentagon Telecommunication Center sent seven MIPRs (MIPR4GINTMM058, MIPR4GINTMM059, MIPR4HINTMM069, MIPR4JINTMM072, MIPR4JINTMM080, MIPR4JINTMM086, and MIPR4JINTMM089), totaling $313,320, using FY 2004 O&M funds, which expired on September 30, 2004. In addition, six other MIPRs (MIPR4KINTMM093, MIPR4KINTMM095,

MIPR4KINTMM096, MIPR4LINTMM115, MIPR4MINTMM123, and MIPR4MINTMM129) totaling $1,046,834 may be potential ADA violations. GovWorks awarded contract action 43387, a multiple-award order, on June 30, 2005. The value of order 43387 was $3,908,449 and the period of performance was from July 1, 2005, through December 31, 2005. Use of FY 2003 and FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

20. **DOI Contract 1435-04-02-CT-85531, Order 41160.** On December 30, 2004, a GovWorks contracting officer awarded contract action 41160, a multiple-award order for $555,738 to purchase a transitional enhanced communications gateway system and associated installation and support for the Pentagon Telecommunications Center. The delivery of the system was no later than 120 days from the date of contract action 41160, December 30, 2004. A GovWorks contracting officer used funds from five MIPRs, totaling $555,738, to fund the contract. The Pentagon Telecommunications Center partially funded the purchase with MIPR MIPR3MINTMM113, for $120,000, using FY 2003 O&M funds; MIPR MIPR3MINTMM112 for $120,000, using FY 2003 O&M funds; MIPR MIPR3MINTMM114 for $200,000, using FY 2003 funds. FY 2003 O&M funds expired on September 30, 2003. Use of FY 2003 O&M funds to satisfy a FY 2005 requirement does not meet the intent of the bona fide needs rule. This purchase was also funded with MIPR MIPR-2-F-D0IIT-045, for $95,709 using FY 2002 Other Procurement funds. FY 2002 Other Procurement funds expired September 30, 2004. Use of FY 2002 through 2004 funds to satisfy a FY 2005 requirement does not meet the intent of the bona fide needs rule. According to the contract file, $492,791 of the $555,739 contract action value was related to equipment; however, the contracting officer only obligated $115,738 of Other Procurement funds under two MIPRs to fund the equipment portion of the purchase. The remaining $377,053.20 of equipment was funded with O&M funds that were also used to fund contract action 41160. Therefore, an incorrect appropriation, O&M, was used to partially fund this purchase. Other Procurement funds should have been used.

21. **DOI Contract 44435.** On August 29, 2005, a GovWorks contracting officer awarded contract action 44435 for $37,643 to purchase 40 laser jet printers for the Pentagon Telecommunications Center. Contract action 44435 was funded with funds from MIPR4GINTMM054, using FY 2004 Army O&M funds that expired on September 30, 2004. The equipment consisted of commercial items and there was no evidence that a long lead-time was required to purchase these items, or that the items were needed to replenish the inventory, or that there was an unforeseen delay in purchasing these items. The delivery date for these items was 30 days after the date of the order. Use of FY 2004 Army O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

22. **DOI Contract 41242.** On December 10, 2004, a GovWorks contracting officer awarded contract action 41242 for $113,388 to purchase 75 Microsoft Windows Server Enterprise 2003 software licenses for the Pentagon Telecommunications Center. The contracting officer used

MIPR4MINTMM125, with FY 2004 Army O&M funds that expired on September 30, 2004. The equipment consisted of commercial items and there was no evidence that a long lead-time was required to purchase these items, or that the items were needed to replenish the inventory, or that there was an unforeseen delay in purchasing these items. Use of FY 2004 O&M funds to satisfy requirements in FY 2005 does not meet the intent of the bona fide needs rule.

Army Training and Doctrine Command

23. **DOI Contract 43852.** A GovWorks contracting officer awarded contract action 43852 for $94,075 to purchase services for the Army Training Support Center, related to a training ammunition calculator, used to calculate ammunition requirements for training purposes at Army locations. MIPR MIPR4KBELG3066 issued on July 12, 2004, funded contract action 43852. The period of performance of the contract action was from July 31, 2005, until 3 months after receipt of order, or October 31, 2005. Use of FY 2004 Army O&M funds to satisfy a requirement in FY 2005 does not meet the intent of the bona fide needs rule.

U.S. Army Intelligence and Security Command

24. **DOI Blanket Purchase Agreement 40699, Task Order 41801, Modification 0002.** On May 5, 2005, a GovWorks contracting officer issued modification 0002 under contract action 41801 for $920,970, to add funding to purchase services related to the U.S. Air Force Horned Owl Program for the U.S. Army Program Management Office Airborne Reconnaissance Low. DOI contracting officials used a portion of the funds from two existing DoD MIPRs to fund modification 0002. MIPR MIPR4DINT04166, from the U.S. Army Intelligence and Security Command for $120,000, was issued on January 10, 2004, using Army FY 2004 O&M funds, which expired on September 30, 2004. Use of FY 2004 O&M funds to satisfy requirements in FY 2005 does not meet the intent of the bona fide needs rule.

Naval Sea Systems Command

25. **DOI Contract 40385.** On October 15, 2004, a GovWorks contracting officer awarded contract action 40385 for $3,390 to purchase 226 weapon cleaning kits for the Naval Sea Systems Command Fleet Antiterrorism/Force Protection. Contract action 40385 was funded with MIPR N6553804MP00018, using FY 2004 Navy O&M funds, which expired on September 30, 2004. There was no evidence that a long lead-time was required to purchase these items, or that the items were needed

to replenish the inventory, or that there was an unforeseen delay in purchasing these items since the items were to be delivered by November 26, 2004. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

26. **DOI Contract 43270.** On May 20, 2005, a GovWorks contracting officer awarded contract action 43270 for $61,112 to purchase 50 sets of T1 special body armor and 100 gamma plates for Naval Sea Systems Command Fleet Antiterrorism/Force Protection. Contract action 43270 was funded with MIPR N6553804MP00018, using FY 2004 Navy O&M funds that expired on September 30, 2004. There was no evidence that a long lead-time was required to purchase these items or that there was an unforeseen delay in purchasing these items since the items were to be delivered by June 17, 2005. There was evidence, though, that the purpose of contract 43270 was to replenish inventory; however, the evidence was not convincing. Documentation in the contract files stated that the "subject order is to replenish current stock that is distributed to various units." Use of FY 2004 Navy O&M funds that expired on September 30, 2004, were used to fund this purchase on May 20, 2005, or almost 8 months after the end of FY 2004.

27. **DOI Contract 40387.** On October 17, 2004, a GovWorks contracting officer awarded contract action 40387 for $10,170 to purchase 226 pairs of gloves and goggles for Naval Sea Systems Command Fleet Antiterrorism/Force Protection. Contract action 40387 was funded from MIPR N6553804MP00018, using FY 2004 Navy O&M funds that expired on September 30, 2004. There was no evidence that the items were needed to replenish the inventory, or a long lead-time was required to purchase these items, or that there was an unforeseen delay in purchasing these items. The items were to be delivered by November 26, 2004. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

28. **DOI Contract 43280.** On May 17, 2005, a GovWorks contracting officer awarded contract action 43280 for $1,328 to purchase 15 pairs of goggles and 15 balaclavas for Naval Sea Systems Command Fleet Antiterrorism/Force Protection. Contract action 43280 was funded from MIPRN6553804MP00018, using FY 2004 Navy O&M funds that expired on September 30, 2004. There was no evidence that the items were needed to replenish the inventory, or a long lead-time was required to purchase these items, or that there was an unforeseen delay in purchasing these items. The items were to be delivered by November 26, 2004. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

29. **DOI Contract 41907.** On January 24, 2005, a GovWorks contracting officer awarded contract action 41907 for $3,168 to purchase 132 radio pouches for Naval Sea Systems Command Fleet Antiterrorism/Force Protection. Contract action 41907 was funded from MIPR N6553804MP00018, citing FY 2004 Navy O&M funds that expired on September 30, 2004. There was no evidence that the items were needed to

replenish the inventory, or a long lead-time was required to purchase these items, or that there was an unforeseen delay in purchasing these items. The items were to be delivered by February 11, 2005. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

30. **DOI Contract 42912.** On April 19, 2005, a GovWorks contracting officer awarded contract action 42912 for $71,137 to purchase 40 desert camouflage body armor systems for Naval Sea Systems Command Mobile Security Force Command. Contract action 42912 was funded from MIPR N6553803MP00013, using Navy FY 2003 O&M funds that expired on September 30, 2003. The funds expired 1 year and 7 months before they were used to fund the contract. Use of FY 2003 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

31. **DOI Contract 43329.** On May 20, 2005, a GovWorks contracting officer awarded contract action 43329 for $1,158 to purchase 20 pairs of kneepads and 20 pairs of elbow pads for Naval Sea Systems Command Mobile Security Force Command. Contract action 43329 was funded from MIPR N6553804MP00018, using Navy FY 2004 O&M funds that expired on September 30, 2004. There was no evidence that the items were needed to replenish the inventory, or a long lead-time was required to purchase these items, or that there was an unforeseen delay in purchasing these items. The items were to be delivered by June 27, 2005. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

32. **DOI Contract 43349.** On May 24, 2005, a GovWorks contracting officer awarded contract action 43349 for $1,369 to purchase 12 specialized bags for Naval Sea Systems Command Mobile Security Force Command. Contract action 43349 was funded with MIPR N6553804MP00018, using Navy FY 2004 O&M funds that expired on September 30, 2004. There was no evidence that the items were needed to replenish the inventory, or a long lead-time was required to purchase these items, or that there was an unforeseen delay in purchasing these items. The items were to be delivered by June 27, 2005. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

Naval Facilities Engineering Command Headquarters

33. **DOI Blanket Purchase Agreement 32178, Task Order 73545.** A GovWorks contracting official used FY 2003 O&M funds for task order 73545, which was to purchase technical services related to the development of geospatial representations of Navy installation boundaries for the Naval Facilities Engineering Command. The period of performance for the contract action was October 1, 2003, through September 30, 2004. The funds on NMIPR039209671, totaling $1,559,085, sent on August 14, 2003, were only available for use for 12 months, ending August 18, 2004. At least some of the funds were used

beyond August 18, 2004, since no additional funds were added to the task order until April 6, 2005. Use of FY 2003 O&M funds to satisfy future requirements does not meet the intent of the bona fide needs rule.

Counterintelligence Field Activity

34. **DOI Contract 1435-04-03-RC-73024 and DOI Contract 1435-04-03-RC-70941.** CIFA did not follow the required procedures for obtaining office space in the National Capital Region. Specifically, the 10-year, $100 million lease was obtained through a Section 8(a) contractor rather than GSA, as required by statute. The lack of authority for CIFA to enter the lease violated many statutes, including the ADA, and circumvented the required congressional review and approval process.

Lack of Authority to Enter the Leases. Section 3307, title 40, United States Code establishes a prospectus threshold authority for leases of $2.21 million for FY 2003. Only GSA is permitted to enter leases in excess of the threshold. A potential ADA violation may have occurred because the lease agreement required lease payments of at least $6.575 million per year, which is above the $2.21 million threshold. Because CIFA did not follow the prescribed procedure for obtaining lease space, CIFA circumvented required Congressional notification and approval process, as prescribed in 10 U.S.C. 2662(a)(2), 40 U.S.C. 3307(a), and Federal Management Regulation section 102-73.65.

Lack of Authority To Make Building Alterations. Section 3307, title 40, United States Code also establishes a prospectus threshold authority for the construction and alteration of leased buildings. The prospectus threshold for lease space alterations in FY 2003 was $1.1066 million. A potential ADA violation may have occurred because CIFA made leased space alternations of $14.7 million under contract 1435-04-03-RC-70941 during FY 2003 and did not obtain the required congressional approval. The prospectus threshold for lease space alternations in FY 2004 was $1.1450 million. A potential ADA violation may have occurred because CIFA made space alterations of at least $7.9 million under contract 1435-04-03-RC-3024 during FY 2004 and did not obtain the required congressional approval.

Potential Violations of the Bona Fide Needs Rule. The TKC communications contract has provisions that permitted CIFA to repay the costs for its building alterations incurred during FY 2003 over the life of the lease. The contractor performed the construction during FY 2003, but permitted CIFA to pay for the construction over the duration of the lease. The contract had an amortization schedule showing the interest charges. A potential bona fide need violation may have occurred because CIFA paid the costs of the building alternations over the life of the loan instead of paying for the alterations in the fiscal year in which the alterations occurred. Additionally, the terms of the contract created a liability to the

Government before the Congress had appropriated the funds, which violated 31 U.S.C. 1341(a)(1)(A) and the U.S. Constitution, Article 1, Section 9, clause 7. Similarly, the contracting clause for termination of the lease required payment of any remaining balance on the building alteration loan and payment of rent for the next 12 months. This contract provision also violated 31 U.S.C 1341(a)(1)(A) and the U.S. Constitution, Article 1, Section 9, clause 7.

Potential Violation of Purpose Statute. CIFA paid for its building alterations using O&M funds. However, military construction funds should have been used. The failure to use military construction funds potentially violated 31 U.S.C. 1301 and 10 U.S.C 2805. Therefore, CIFA used an incorrect appropriation.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Office of Naval Intelligence

35. **Order N66001-05-F-Q174.** A DoD contracting officer awarded purchase order N66001-05-F-Q174 to purchase various computer hardware, such as workgroup switches for the Navy for $64,271, using FY 2005 Navy O&M funds, which expired on September 30, 2005. Both the Office of Naval Intelligence and Joint Systems Integration Command funded the purchase. The order was awarded on September 19, 2005, but the hardware was not scheduled to be delivered until October 7, 2005. Deliveries of the goods were received from October 26 through December 27, 2005. The receipt of goods after the DoD appropriation expired could not be justified because of production lead-time or unforeseen delays. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

Assistant Secretary of the Air Force (Financial Management and Comptroller)

36. **Order HC1047-05-F-4552.** A DoD contracting officer awarded purchase order HC1047-05-F-4552 for IT hardware and software for $983,878. The order was awarded using FY 2005 Air Force O&M funds. Because the order exceeded $250,000, procurement funds should have been used. Therefore, the Air Force used an incorrect appropriation. Also, the order was awarded on September 28, 2005, and scheduled delivery for October 28, 2005. The items were not delivered until November 4, 2005. The receipt of goods after the DoD appropriation expired could not be justified by production lead-time or unforeseen delays. Use of FY 2005

O&M funds to satisfy a FY 2006 requirement does not meet the intent of the bona fide needs rule.

U.S. Central Command

37. **Order FA4814-05-F-A814.** A DoD contracting officer awarded purchase order FA41814-05-F-A814 for various computer equipment. The order purchased computer equipment, such as the Gateway E6300 personal computer. The value of the order was $758,442 and used FY 2005 Air Force O&M funds, which expired on September 30, 2005. Because the value of the order exceeded $250,000, procurement funds should have been used. Therefore, the U.S. Central Command used incorrect appropriation. Also, the order was awarded on September 19, 2005, and scheduled delivery for October 19, 2005. The equipment was not delivered until November 3, 2005. The receipt of goods after the DoD appropriation expired could not be justified by production lead-time or unforeseen delays. Use of FY 2005 O&M funds to satisfy a FY 2006 requirement does not meet the intent of the bona fide needs rule.

38. **Order FA4814-05-F-A731.** A DoD contracting officer awarded purchase order FA4814-05-F-A731 for Host Base Intrusion Detection System Components. The value of the order was $507,271 and used FY 2005 Air Force O&M funds. Because the value of the order exceeded $250,000, procurement funds should have been used. Therefore, the U.S. Central Command used an incorrect appropriation. Also, the order was awarded on September 9, 2005, and some of the goods were not delivered until October 17, 2005. The receipt of goods after the DoD appropriation expired could not be justified by production lead-time or unforeseen delays. Use of FY 2005 O&M funds to satisfy a FY 2006 requirement does not meet the intent of the bona fide needs rule.

39. **Order FA4814-05-F-A863.** A DoD contracting officer awarded purchase order FA4814-05-F-A863 to purchase various computer equipment for the U.S. Central Command for $46,854 using FY 2005 Air Force O&M funds. The order was awarded on September 22, 2005, but the equipment was not scheduled to be delivered until November 4, 2005. However, delivery of the goods was made on December 13, 2005. The receipt of goods after the DoD appropriation expired could not be justified by production lead-time or unforeseen delays. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

U.S. Special Operations Command

40. **Order FA4814-05-F-A154.** A DoD contracting officer awarded purchase order FA4814-05-F-A154 for a file storage/server system for $738,383. The U.S. Special Operations Command (USSOCOM) used FY 2005 Defense-wide O&M funds. Because the value of the order exceeded

$250,000, procurement funds should have been used. Therefore, the USSOCOM used incorrect appropriation.

41. **Order FA4814-05-F-A717.** A DoD contracting officer awarded purchase order FA4814-05-F-A717 for $159,501, to purchase software using FY 2005 Defense-wide O&M funds for USSOCOM. The order was awarded on September 8, 2005, and the delivery was scheduled for October 8, 2005. The software was delivered on October 7, 2005. The receipt of goods after the DoD appropriation expired could not be justified by production lead-time or unforeseen delays. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

42. **Order FA4814-05-F-A860.** A DoD contracting officer awarded purchase order FA4814-05-F-A860 for $105,997 to purchase a server, using FY 2005 Defense-wide O&M funds for USSOCOM. The order was awarded on September 20, 2005, but the server was not scheduled to be delivered until October 20, 2005. Delivery of the goods was received October 4, 2005. The receipt of goods after the DoD appropriation expired could not be justified by production lead-time or unforeseen delays. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

43. **Order FA4814-05-F-A917.** A DoD contracting officer awarded purchase order FA4814-05-F-A917 for $31,810 to purchase graphic hardware for USSOCOM, using FY 2005 Air Force O&M funds. The order was awarded on September 26, 2005, but the goods were not scheduled to be delivered until October 24, 2005. However, delivery of the goods was received on December 7, 2005. The receipt of goods after the DoD appropriation expired could not be justified by production lead-time or unforeseen delays. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

44. **Order FA4814-05-F-A895.** A DoD contracting officer awarded purchase order FA4814-05-F-A895 for computer hardware, software, and licenses for $479,630. This order was funded with FY 2005 Defense-wide O&M funds. Though the value of the order exceeded $250,000, O&M funds were correctly used because the goods were not part of an overall system and no individual item cost over $250,000. However, the order was awarded on September 22, 2005, and scheduled delivery for October 22, 2005. The goods were delivered through November 8, 2005. The receipt of goods after the DoD appropriation expired could not be justified by production lead-time or unforeseen delays. Use of FY 2005 O&M funds to satisfy FY 2006 requirements does not meet the intent of the bona fide needs rule.

Defense Information Systems Agency

45. **Order HC1047-05-F-4561.** A DoD contracting officer awarded purchase order HC1047-05-F-4561 to purchase a Sun database server for $115,829 for the Defense Information Systems Agency, using FY 2005 Defense-wide O&M funds. The contracting officer awarded the order on September 30, 2005, and scheduled delivery for November 1, 2005. The server was delivered on October 27, 2005. The receipt of goods after the DoD appropriation expired could not be justified by production lead-time or unforeseen delays. Use of FY 2005 O&M funds to satisfy an FY 2006 requirement does not meet the intent of the bona fide needs rule.

46. **Order HC1013-05-F-2810.** A DoD contracting officer awarded purchase order HC1013-05-F-2810 to purchase Standardized Tactical Entry Point Information Assurance Tools, which included assorted hardware and software for $4,149,461, using FY 2005 Defense-wide O&M funds for the Defense Information Systems Agency. Because the value of the order exceeded $250,000, procurement funds should have been used. DoD contracting officers awarded the order on August 25, 2005, with a scheduled delivery for 21 days from award, September 15, 2005. However, the goods were received on November 15, 2005. The receipt of goods after the DoD appropriation expired could not be justified because standard commercial off-the-shelf items are items readily available from other sources. The order was competed among all 8 NASA Scientific and Engineering Workstation Procurement vendors in class 12. Use of FY 2005 funds to satisfy a FY 2006 requirement does not meet the intent of the bona fide needs rule.

Defense Security Service

47. **Order HC1013-05-F-2848.** A DoD contracting officer awarded purchase order HC1013-05-F-2848 for a 3-year lease of Sun equipment and other miscellaneous equipment for $10,918,072. The Defense Security Service used FY 2005 Defense-wide O&M funds. Because the value of the order exceeded $250,000, procurement funds should have been used. Therefore, the Defense Security Service used an incorrect appropriation.

Counterintelligence Field Activity

48. **Order HC1013-05-F-3006.** A DoD contracting officer awarded purchase order HC1013-05-F-3006 to purchase licenses, maintenance, and technical support services for $500,000, using FY 2005 O&M funds for the CIFA. According to CIFA personnel, Congress provided O&M funds specifically for the purchase. The contracting officer awarded the order on September 21, 2005, and did not schedule a delivery date. The goods were delivered on January 6, 2006, more than 3 months after the end of

FY 2005. The receipt of goods after the DoD appropriation expired could not be justified because of production lead-time or unforeseen delays. This order also included severable services that commenced December 13, 2005. Use of FY 2005 funds to satisfy a FY 2006 requirement does not meet the intent of the bona fide needs rule.

DEPARTMENT OF THE TREASURY

Office of the Under Secretary of Defense for Personnel and Readiness

49. **Counseling Services.** The Office of the Under Secretary of Defense for Personnel and Readiness, Quality of Life Office issued MIPR DERM40092A329V for $19,000,000 on July 28, 2004, using FY 2004 O&M funds for counseling services in support of families as a result of the Global War on Terrorism and Iraqi Freedom. FedSource accepted the MIPR on July 30, 2004. The FedSource, Beaufort office issued task order contract number BEA002178 for $18,357,487 on August 5, 2004. Task order BEA002178 was cancelled on December 16, 2005, leaving a $14,990,411 fund balance. Task order BEA002638 for $14,483,489 was issued on March 29, 2005, to continue the counseling services. The task order contract period of performance was March 14, 2005, through December 31, 2005. The FY 2004 funds were applied to reissue a task order in FY 2005. The FY 2004 funds were put on the reissued task order contract almost 8 months after the funds were accepted by FedSource, Beaufort, and almost 6 months into FY 2006. The contract period of performance extends past 12 months from the MIPR acceptance date. Further, the elapsed 8 months from MIPR fund acceptance to the BEA00238 task order contract award is an unreasonable time; therefore, no bona fide need exists.

Fort McCoy Army Base, Directorate Support Services

50. **Construction of Main Gate Canopy and Inspection Building.** The Directorate of Support Services at Fort McCoy sent FedSource seven MIPRs totaling $987,846, using FY 2003 Army Reserve O&M funds to construct a canopy and vehicle inspection building at the main gate. The basic contract in the amount of $896,930 was for the canopy and the inspection building. The canopy and inspection building were initially funded by MIPR3MDTMSCNPY for $268,629 issued on September 30, 2003, and MIPR3VEHNISP01 for $665,703 issued on September 30, 2003. The amount obligated on the main gate totaled $987,935 which exceeds the limit of $750,000 using O&M funds for minor construction; therefore, military construction appropriated funds

should have been cited. The Directorate of Support Services used an incorrect appropriation.

51. **Renovation of Building 454 (Barracks).** Fort McCoy Army Base, Directorate of Support Services building renovation exceeded the $750,000 limit using O&M funds for minor construction. MIPR MIPR4MDFE00107 for $813,767 was issued September 17, 2004, using FY 2004 Army Reserve O&M funds. The MIPR was for renovation of Building 454 into basic officer quarters, including improvements such as additional bathrooms to include all new components. FedSource issued the basic task order contract number LOS013032 for $762,883 on September 28, 2004. The building improvements supported categorizing this project as new construction. The total amount obligated for the building, $820,355, exceeded the $750,000 limit use of O&M funds for minor construction. In addition, a second building (453) was being renovated with the same requirements and purpose. See purchase number 52 below. As a result, buildings 454 and 453 should have been combined as one project and used military construction funds instead of O&M funds. The combined cost of the work on the two buildings was $1,498,097. The project was split to avoid the long approval process necessary to obtain military construction funds. Therefore, the Directorate of Support Services at Fort McCoy used incorrect appropriations.

52. **Renovation of Building 453.** Building 453 was being renovated from a barracks into a visitor officer quarters at Fort McCoy. The Building 453 layout was reconfigured and improvements made that supported new construction, including new bathrooms, fixtures, counters, tubs, and closets. Improvements resulted in construction versus repair. The Directorate of Support Services personnel at Fort McCoy exceeded the minor construction $750,000 dollar threshold by sending MIPR3MDFE00085 for $784,252 on September 24, 2003, and an amendment for $2,493 on July 12, 2004, to FedSource. The total cost of $786,746 used O&M funds. Although the task order contract was awarded by FedSource on October 2, 2003, for $735,214, the amount did not include the FedSource fee. The planning for both buildings was in 2003 and requests for military construction funds should have occurred then. Therefore, the Directorate of Support Services at Fort McCoy used an incorrect appropriation.

53. **Construction of Maintenance Buildings.** The Directorate of Support Services at Fort McCoy did not combine task order LOS007993 for $684,639 and task order LOS007994 for $684,639 that were both issued by FedSource on September 12, 2003, to construct four new metal prefabricated maintenance buildings. The total contract cost for the two task orders was $1,369,278. Each of the two task orders was for the construction of two maintenance buildings; however, bid proposal data established the provision for bidding up to four buildings. Therefore, one task order contract should have been issued versus splitting the project. Issuing two separate task orders resulted in keeping the contract award below the $750,000 military construction threshold. The combined contract for the two task order contracts exceeded the $750,000 O&M

minor military construction threshold. MIPR MIPR3MDFE00078 for $730,304 was issued September 9, 2003, and amendment 1 for $8,331 was issued on December 29, 2004, for a total of $738,635 to fund two maintenance buildings under task order contract LOS007993. Task order LOS007994 for two other buildings was funded with MIPR3MDFE00079 for $730,304, issued on September 9, 2003. All buildings were built by the same contractor. Splitting of construction projects occurred to circumvent the cost limitation of $750,000 for minor construction. Therefore, the Directorate of Support Services at Fort McCoy used an incorrect appropriation.

Naval Engineering Facilities Command, Southwest

54. **Transportation Relocation (Task Order LOS013626).** The Naval Base Ventura County Public Works is now the Naval Engineering Facilities Command, Southwest. The Naval Engineering Facilities Command, Southwest acquired professional services through FedSource for the relocation of the heavy-duty truck hoist support. The Naval Engineering Facilities Command, Southwest issued four MIPRs totaling $248,000 in September 2004, using FY 2004 O&M funds to obtain services and deliverables through the performance of the relocation of heavy-duty truck hoist. The MIPRs, N6923204MPX8220, N6923204MPX8221, N6923204MPX8222, and N6923204MPX8230, were accepted in September 2004. FY 2004 O&M funds partially funded a contract awarded on January 8, 2005, for $177,155. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

55. **Valve Replacement (Task Order LOS014128).** The Naval Engineering Facilities Command, Southwest acquired professional services through FedSource using MIPR N6923204MPX8141 for $95,000, issued on May 17, 2004. This was used to purchase water valve replacement support in the housing area at Naval Base Ventura County, Point Mugu, California. FedSource issued task order contract award LOS014128 for $81,056 on March 25, 2005. Approximately 10 months lapsed between the MIPR acceptance and contract award. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

56. **Design and Acquisition Support** (**Task Order LOS013101).** The Naval Engineering Facilities Command, Southwest acquired professional services through FedSource for Design and Acquisition Support. The Naval Engineering Facilities Command, Southwest issued MIPR N6923204MPU8222 for $227,939 and amendment 1 for $9,876 on September 17, 2004. The basic MIPR was accepted on September 22, 2004. The MIPRs cited FY 2004 O&M funds, which expired on September 30, 2004. FedSource awarded task order LOS013101 on September 30, 2004, for design, acquisition, engineering, program development, and database management support services. The task order award specified the period of performance to begin on September 30,

2004, and continue through November 30, 2005, 2 months beyond the 12-month contract performance limitation. In addition, FedSource Los Angeles issued modification 1 on November 23, 2005, for a "no increased cost to the Government" extension until February 28, 2006, effective November 30, 2005. The task order exceeded the contract period of 12 months for a severable contract. FY 2004 funds may have been used for the extension. Use of FY 2004 O&M funds to satisfy a FY 2006 requirement does not meet the intent of the bona fide needs rule.

57. **Repair Underground Vaults in Parking Apron** (**Task Order LOS013406).** The Naval Engineering Facilities Command, Southwest purchased services through FedSource to repair underground vaults in the parking apron. The Naval Engineering Facilities Command, Southwest issued MIPR MIPRN6923204MPX8223 for $177,000 on September 28, 2004, using FY 2004 O&M funds. FedSource accepted the MIPR on September 28, 2004. However, the task order was not awarded until November 18, 2004. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

58. **Utilities, Engineering, and Planning Support (Task Order LOS013139).** The Naval Engineering Facilities Command, Southwest used FedSource to purchase management and engineering support services to satisfy the overall operational objectives of the Naval Engineering Facilities Command, Southwest Utilities and Planning Division. The Naval Engineering Facilities Command, Southwest issued MIPRs N6923204MPX8195 for $135,000 and N6923204MPX8196 for $31,000 on September 17, 2004, citing FY 2004 O&M funds. FedSource accepted the MIPRs on September 22 and September 23, 2004. In addition, the Naval Engineering Facilities Command, Southwest issued MIPR N6923204MPX8206 for $153,000 and MIPR N6923204MP27139 for $20,000 on September 29, 2004, citing FY 2004 O&M funds. Task order LOS013139 was awarded on October 4, 2004, for $578,850. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

Headquarters, Air Force Deputy Chief of Staff, Manpower and Personnel

59. **Family Child Care Public Awareness Campaign and Family Child Care Conference (Task Order STL002274).** The Headquarters, Air Force Installation and Logistics Service is now the Headquarters, Deputy Chief of Staff Manpower and Personnel. The Headquarters, Deputy Chief of Staff, Manpower and Personnel issued MIPR NMIPR049209876 for $1,900,000 on September 13, 2004, using FY 2004 O&M funds, which expired on September 30, 2004. The Headquarters purchased a Comprehensive Public Awareness Campaign to heighten awareness among current and potential customers of the Extended Duty Child Care, Mildly Ill, Missile Care, Air National Guard and Air Force Reserve Home Community Care, Returning Home Care, and Family Child Care Subsidy programs. The funds were also for the 2005 Family Child Care

Conference to support families of deployed Air National Guard and Air Force Reserve members, tentatively scheduled for July 25–27, 2005. FedSource awarded the task order on September 22, 2004, for $1,027,640. Additionally, FedSource issued modification 3 on September 19, 2005, for a "no increased cost to the Government" extension until January 31, 2006, effective September 21, 2005. The contract was extended for a period beyond the 12-month contract period from the task order award date. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

60. **Boys and Girls Club of America (Task Order STL002277).** The Headquarters, Deputy Chief of Staff, Manpower and Personnel issued MIPR NMIPR049209729 for $500,000 on August 16, 2004, using FY 2004 O&M funds, which expired September 30, 2004. The Headquarters purchased national affiliation fees for Boys and Girls Club of America for all participating Air Force youth centers for 2005 and for the annual national conference. FY 2004 funds were used to prepay FY 2005 fees and conference costs; additionally, the statement of work provided that conference costs would be incurred in 2005. FedSource awarded the task order on September 27, 2004, for $484,500. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

61. **Youth Fitness Activities and Kits (Task Order STL002276).** The Headquarters, Deputy Chief of Staff, Manpower and Personnel issued MIPR NMIPR049209876 for $1,900,000 on September 13, 2004, using FY 2004 funds, and allocated $80,000 to task order STL002276. The MIPR funds expired on September 30, 2004. The MIPR funds were for professional services through FedSource for youth fitness activities and kits. FedSource awarded task order STL002276 for $82,620 on September 22, 2005, with a period of performance from September 23, 2004 through September 22, 2005. However, the activity packets and sport kits were not received in FY 2004. Receipt of goods after the DoD appropriation expired could not be justified because of delivery time, production lead-time, or unforeseen delays. Use of FY 2004 O&M funds to satisfy a FY 2005 requirement does not meet the intent of the bona fide needs rule.

62. **Entertainment (Task Order STL002433).** The Headquarters, Deputy Chief of Staff, Manpower and Personnel acquired professional services through FedSource to purchase entertainment services, using MIPRs NMIPR049209768 for $260,000, issued August 24, 2004, and amendment 1 for $200,000, issued on September 9, 2004. They used FY 2004 O&M funds, which expired on September 30, 2004. FedSource issued task order contract STL002433 for $19,959 on September 8, 2004, to obtain quality, live, professional entertainment for the period from September 1, 2004, through September 1, 2005. The period of performance for the first task, Waking Norman, was scheduled to begin on October 21, 2004, and end November 11, 2004. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

Air Force 452nd Air Mobility Wing

63. **Taxiway Repair (Task Order LOS014181).** The March Air Reserve Base, 452nd Civil Engineers issued MIPR NG466443040031 for $2,997,000 to purchase taxiway widening and a runway repair at the base on September 30, 2004, using FY 2004 O&M funds, which expired on September 30, 2004. FedSource accepted the MIPR on September 30, 2004. FedSource issued task order contract number LOS014181 for $1,188,042 on April 4, 2005, with a period of performance from December 1, 2004, through November 30, 2005. A contract has not been established for the runway. Use of FY 2004 funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule. In addition, use of O&M funds was improper for funding the runway and taxiway. The Air Force Reserve Command, Chief, Civil Engineering, 452nd Mission Support Group approved funding for the two airfield projects and specifically approved $2,000,000 for the runway repair and $997,000 for the taxiway repair. The airfield projects should have been addressed as one project. Funding separately gives appearance of splitting projects to avoid use of military construction appropriated funds. The work contracted for on the task order was major construction and exceeded the $750,000 threshold for minor military construction; therefore, the military construction appropriations should have been used. The 452nd Civil Engineers used the incorrect appropriation.

Joint Personnel Recovery Agency

64. **Management Assistant (Task Order STL001373).** The Joint Personnel Recovery Agency (JPRA) acquired services from FedSource to obtain a management assistant to support the Joint Experimentation and Interoperability Directorate within the JPRA. Both RDT&E and O&M funds were used to fund the services, under task order STL001373. FedSource initially issued the task order, STL001373, on June 7, 2004, for $33,972. The statement of work for the task order specified that a management assistant should be contracted to perform administrative and technical support, provide graphics and illustration support, maintain project plans and assessment schedules, and provide document and conduct file management support. These tasks should be funded with O&M funds. The JPRA issued four MIPRs to FedSource to fund this purchase of which three MIPRs cited RDT&E funds and one cited O&M funds. The first RD&TE MIPR was MIPR F1AF21494G001 for $192,000 issued on March 11, 2005. The next two RDT&E MIPRs were MIPR NMIPR049208779 and amendment 1, totaling $392,798, of which $79,017 in RDT&E funds was allocated to STL001373. The total of $125,954 allocated from the three MIPRs designated with RDT&E appropriated funds should have used O&M funds, not RDT&E funds. O&M funds should have been used to fund the entire task order contract. Therefore, JPRA used an incorrect appropriation.

65. **Analyst III for Urban Operations Project Support (Task Order STL001916).** JPRA acquired professional services through FedSource for an analyst to conduct RD&TE tasks consisting of assessment operations project support experimentation, concept development, field testing, and research capabilities in the marketplace to fulfill program needs. JPRA issued five MIPRs to fund the purchase: four using RDT&E funds and one using O&M funds. JPRA allocated $201,040 from four RDT&E MIPRs to partially fund the purchase. FedSource issued the basic task order STL001916 for $78,568 on October 26, 2004, using RDT&E funds with a period of performance from November 1, 2004, through February 28, 2005. Contract modifications were used to extend the period of performance, but no modification was issued exercising an option period. JPRA issued MIPR F1A215273G0001 for $178,000 on September 30, 2005, using FY 2005 O&M funds, of which $48,747 applied to the contract, even though the work was for RDT&E on urban operations project support. This MIPR funded award number 2, modification 2. The analyst worked on the task order the entire period of performance and the work remained the same for the entire task order. Task order STL001916, modification 6, for $47,863 issued November 1, 2005, was used to fund award number 2, modification 2, for $48,747, and this contract action extended the period of performance to February 26, 2006. This resulted in use of FY 2005 funds for FY 2006 work. Use of FY 2005 O&M funds to satisfy requirements in FY 2006 does not meet the intent of the bona fide needs rule. Additionally, the task order contract is for RDT&E work and use of O&M funds was inappropriate for the task order. RDT&E funds should have been used to continue work on the project. Therefore, JPRA used an incorrect appropriation.

66. **Analyst for Project Support (Task Order STL001457).** JPRA acquired services for program management support, which required an analyst to provide technical guidance on concept technical demonstrations, develop management plans for projects, maintain financial records, and provide project management functions. The MIPR NMIPR049208724 issued on May 5, 2004, for $196,980 did not contain a description or include a reference to a statement of work to provide a description that was specific, definite, and certain. Since no interagency agreement or a MIPR with a description exists to support the requirement, JPRA has a potential bona fide needs violation.

67. **Analyst III (Task Order STL001972).** JPRA used task order contract STL001972 for an analyst to perform RDT&E on the future combat survivor evader locator project. The statement of work provides that an analyst will perform subject matter expertise in development and integration of combat survivor evader locator capabilities to include RDT&E for future combat survivor evader locator capabilities. The project scope of work comprises RDT&E work. However, JPRA funded the project with both RDT&E and O&M funds. The first four of the five MIPRs issued to support task order contract STL001972 used RDT&E funds. The initial task order contract STL001972 for $51,414 was issued on December 15, 2004, for an analyst assigned to work combat survivor evader locator project support. JPRA sent MIPR F1AF215273G001 for

$178,000 on September 30, 2005, using FY 2005 O&M funds, and allocated $49,849 to task order STL001972 to extend of the period of performance through February 2006. The analyst scope of work remained the same throughout the task order and should have continued to be funded with RDT&E funds. Therefore, JPRA used an incorrect appropriation. Additionally, FY 2005 funds were used to support work to be performed in FY 2006. Partial funds from MIPR F1AF215273G0001 were allocated to the task order to fund task order modification 2, issued on November 1, 2005. The contract modification was used to increase funds on the contract in the amount of $48,945 and extend the period of performance to February 28, 2006. Use of FY 2005 O&M funds to satisfy a FY 2006 requirement does not meet the intent of the bona fide needs rule.

68. **Analyst (Task Order STL001374).** JPRA issued MIPR MIPR215273G001 for $178,000 on September 30, 2005, using FY 2005 O&M funds to purchase analyst services for the Advanced Survivor Technology project support. JPRA also issued MIPR F1AF215068G001 and amendments 1 and 2 to fund $71,485 on task STL001374 with O&M funds. The statement of work states that project support will focus primarily on the JPRA RDT&E future Advanced Survivor Technology capabilities. The task order contract scope of work is RDT&E. RDT&E funds should have been used instead of O&M funds. Therefore, JPRA used an incorrect appropriation. In addition, FY 2005 funds were used to support work that was clearly to be performed in FY 2006. The basic task order contract was issued on June 7, 2004, for $64,907, with a period of performance from June 5, 2004, through September 30, 2004. MIPRF1AF215273G001, issued on September 30, 2005, allocated $73,627 to task order STL001374, funded part of task order contract award number 3, modification 2 for $34,868 on November 1, 2005. This contract action extended the period of performance through January 31, 2006. Use of FY 2005 O&M funds to satisfy a FY 2006 requirement does not meet the intent of the bona fide needs rule.

Washington Headquarters Services

69. **Applications Consultant (Task Order BAL118884).** The Washington Headquarters Service purchased services through FedSource for an applications consultant. The Washington Headquarters Service issued Interagency Agreement DHIA 40362 for $13,000, citing FY 2004 funds. FedSource accepted the Interagency Agreement on September 29, 2004, in FY 2004; however, the task order contract was awarded on October 27, 2004, for $11,944. Use of FY 2004 O&M funds to satisfy FY 2005 requirements does not meet the intent of the bona fide needs rule.

Appendix F. Potential ADA Violations That Occurred Primarily in FY 2006

The following is a list of the 386 potential ADA violations we identified at DOI, the Department of the Treasury, NIH, and VA. Additional details regarding each potential ADA violation may be available in our reports addressing contracts and funding problems at DOI, the Department of the Treasury, NIH, and VA. See Appendixes D and E for previously identified potential ADA violations.

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
Potential Antideficiency Act Violations Identified Non-DoD Agencies at GovWorks								
1	DRAM58100	9/21/05	9750130	FY 2005 Defense Health Program Purchased care fallover lease solution for IBM hardware and software	TRICARE Management Activity, Falls Church, Virginia	GSA FSS Order 61294	12/23/2005	14,020,102.00
2	NMIPR049209867	9/10/04	5743400	FY 2004 Air Force O&M Preliminary planning support for AF strategic sourcing program & enterprise wide study	HQ USAF/DPMS, Pentagon	GSA BPA 43793 Order 44656/0001	10/4/2005	3,176.00
						GSA BPA 43794 Order 61052/0001	12/29/2005	1,007.99
						GSA BPA 43793 Order 61154	12/15/2005	67,482.85
						GSA BPA 43795 Order 61587	3/16/2006	99,926.50
						GSA BPA 43793 Order 61589	4/4/2006	65,091.00
						GSA BPA 43797 Order 61590	4/24/2006	89,628.00
						GSA BPA 43793 Order 61591	4/27/2006	26,897.00
						GSA BPA 43793 Order 61591 Modification 2	6/8/2006	14,765.00
						GSA BPA 43793 Order 62722	8/3/2006	85,557.00
3	F1AF2S4357G001	12/22/04	5753400	FY 2005 Air Force O&M Funding to purchase products and services related to facility management activities such as system and free standing furniture, associate labor, casegoods, space planning, programming, reconfiguration, installation, interior finishes (carpet, draperies, etc.), computer support and services and comprehensive furniture management services	SAF/AAF, Pentagon	GSA FSS Order 43254 Modification 1	1/24/2006	8,155.00
						GSA FSS Order 43254 Modification 2	1/27/2006	5,451.00
						GSA FSS Order 60783	11/9/2005	745,202.39
						GSA FSS Order 60783 Modification 1	4/19/2006	4,860.00
						GSA FSS Order 61317	11/21/2005	26,548.33
						GSA FSS Order 61319	12/28/2005	6,844.17
						GSA FSS Order 61335	12/30/2005	15,881.60
						GSA FSS Order 61471	1/23/2006	7,705.85
						GSA FSS Order 61621	2/14/2006	16,126.50
						GSA FSS Order 61622	2/13/2006	5,929.00
						GSA FSS Order 61623	2/14/2006	2,802.15
						GSA FSS Order 61712	2/17/2006	3,307.25
						GSA FSS Order 61768	2/17/2006	1,139,554.64
						GSA FSS Order 61870	3/2/2006	2,218.05
						GSA FSS Order 61918	3/8/2006	13,009.44
						GSA FSS Order 61955	3/13/2006	12,926.50
						GSA FSS Order 61956	3/13/2006	6,740.00
						GSA FSS Order 61957	3/13/2006	16,803.86
						GSA FSS Order 61958	3/13/2006	142,584.02
						GSA FSS Order 61959	3/13/2006	4,853.00
						GSA FSS Order 61960	3/13/2006	26,813.56
						GSA FSS Order 61961	3/13/2006	12,093.00
						GSA FSS Order 61962	3/13/2006	23,785.47
						GSA FSS Order 62022	3/20/2006	5,196.00
						GSA FSS Order 62025	3/20/2006	4,580.74
						GSA FSS Order 62130	4/4/2006	6,650.92
						GSA FSS Order 62133	4/4/2006	1,482.85
						GSA FSS Order 62150	4/4/2006	32,553.36
						GSA FSS Order 62174	4/7/2006	8,618.90
						GSA FSS Order 62239	4/14/2006	2,702.50
						GSA FSS Order 62241	4/20/2006	7,198.44
						GSA FSS Order 62247	4/20/2006	37,944.20
						GSA FSS Order 62249	4/20/2006	4,735.70
						GSA FSS Order 62252	4/20/2006	2,806.55
						GSA FSS Order 62253	4/20/2006	5,420.60
						GSA FSS Order 62364	5/2/2006	73,742.22
						GSA FSS Order 62392	5/4/2006	3,420.88
						GSA FSS Order 62393	5/4/2006	38,264.08
						GSA FSS Order 62396	5/4/2006	62,329.99

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
						GSA FSS Order 62397	5/23/2006	16,413.71
						GSA FSS Order 62399	5/4/2006	20,682.40
3	F1AF2S4357G001 (cont'd)	12/22/04	5753400	FY 2005 Air Force O&M Funding to purchase products and services related to facility management activities such as system and free standing furniture, associate labor, casegoods, space planning, programming, reconfiguration, installation, interior finishes (carpet, draperies, etc.), computer support and services and comprehensive furniture management services	SAF/AAF, Pentagon	GSA FSS Order 62437	5/10/2006	8,000.00
						GSA FSS Order 62438	5/10/2006	15,956.62
						GSA FSS Order 62547	5/18/2006	3,086.60
						GSA FSS Order 62547 Modification 1	8/15/2006	1,992.79
						GSA FSS Order 62577	5/23/2006	15,424.56
						GSA FSS Order 62582	5/23/2006	6,405.18
						GSA FSS Order 62620	6/5/2006	2,192.88
						GSA FSS Order 62857	6/20/2006	101,136.97
						GSA FSS Order 62870	6/21/2006	55,442.76
						GSA FSS Order 62871	6/27/2006	5,127.15
						GSA FSS Order 62872	6/27/2006	5,397.29
						GSA FSS Order 62894	6/27/2006	7,488.80
						GSA FSS Order 62917	6/27/2006	19,736.11
						GSA FSS Order 62989	7/5/2006	13,486.96
						GSA FSS Order 63076	7/13/2006	2,603.68
						GSA FSS Order 63078	7/13/2006	2,599.35
						GSA FSS Order 63173	7/26/2006	14,378.94
						GSA FSS Order 63228	8/4/2006	1,147.18
						GSA FSS Order 63230	8/4/2006	1,385.40
						GSA FSS Order 63231	8/4/2006	6,803.24
						GSA FSS Order 63232	8/4/2006	6,740.98
						GSA FSS Order 63278	8/17/2006	18,048.32
						GSA FSS Order 63283	8/15/2006	15,610.98
						GSA FSS Order 63458	9/1/2006	3,276.09
						GSA FSS Order 63459	9/1/2006	14,009.71
						GSA FSS Order 63489	9/8/2006	7,028.62
						GSA FSS Order 63594	9/16/2006	11,647.00
						GSA FSS Order 63597	9/8/2006	3,800.00
						GSA FSS Order 63623	9/12/2006	29,913.60
						GSA FSS Order 63729	9/18/2006	18,070.30
						GSA FSS Order 63730	9/18/2006	63,840.00
						GSA FSS Order 63731	9/18/2006	27,356.00
						GSA FSS Order 63737	9/15/2006	112,705.25
						GSA FSS Order 63738	9/15/2006	8,971.40
						GSA FSS Order 63739	9/15/2006	50,438.00
						GSA FSS Order 63740	9/15/2006	28,797.80
						GSA FSS Order 63784	9/18/2006	46,595.99
						GSA FSS Order 63789	9/18/2006	69,688.95
						GSA FSS Order 63790	9/18/2006	354,601.50
						GSA FSS Order 63805	9/18/2006	30,246.00
						GSA FSS Order 63836	9/19/2006	10,434.13
						Purchase Card CH047	1/10/2006	2,015.94
						Purchase Card CH049	?	2,262.66
4	N6890805MP05402	5/17/05	9750130	FY 2005 Defense Health Program Collateral equipment funds for MILCON project P-225, medical/dental conversion, bldg 275, Washington Navy Yard	Naval Healthcare Support Office, Portsmouth, Virginia	Single Award IDIQ Contract 1435-01-04-CT-32814 Order 60002	11/23/2005	146,411.64
						BPA Purchase Order 1406-04-06-P0-60341 (Simplified Acquisition Procedures)	12/6/2005	230,200.00
						GSA FSS Order 61136	1/20/2006	126,378.07
						GSA FSS V797P-3459K Order 61342	3/28/2006	6,969.00
						GSA FSS V797P-3809K Order 61343	1/10/2006	1,436.40
						GSA FSS Order 61344	1/10/2006	297.70
						GSA FSS Order 61345	1/10/2006	2,993.33
						GSA FSS Order 61345 Mod 1	8/9/2006	798.63
						GSA FSS Order 61346	1/10/2006	396.07

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
						GSA FSS Order 61371	1/10/2006	584.24
						GSA FSS Order 61383	1/10/2006	889.40
						GSA FSS V979P-4195A Order 61404	1/17/2006	3,083.76
4	N6890805MP05402 (cont'd)	5/17/05	9750130	FY 2005 Defense Health Program Collateral equipment funds for MILCON project P-225, medical/dental conversion, bldg 275, Washington Navy Yard	Naval Healthcare Support Office, Portsmouth, Virginia	GSA FSS V797P-4815A Order 61522	3/30/2006	3,043.41
						GSA FSS Order 61545	1/30/2006	5,507.60
						GSA FSS Order 61566	1/30/2006	5,834.36
						GSA FSS Order 61566 Modification 1	2/24/2006	881.00
						GSA FSS Order 61569	1/30/2006	8,479.00
						GSA FSS V797P-4090A Order 61776	2/21/2006	793.42
						GSA FSS V797P-4090A Order 61780	2/22/2006	1,027.00
						BPA Purchase Order 61783 (Simplified Acquisition Procedures)	3/1/2006	910.06
						GSA FSS Order 61786	2/24/2006	657.00
						GSA FSS Order 61821	2/24/2006	2,335.00
						GSA FSS V797P-3057M Order 61823	2/28/2006	14,649.66
						GSA FSS V797P-3437K Order 61824	2/24/2006	2,970.00
						GSA FSS Order 61830	3/3/2006	5,298.00
						GSA FSS V797P-3588K Order 61831	2/24/2006	17,731.04
						GSA FSS V797P-4282A Order 61834	2/24/2006	14,632.08
						GSA FSS VP97P-3032M Order 61905	3/3/2006	18,001.17
						GSA FSS VP97P-4090A Order 61906	3/7/2006	10,740.00
						GSA FSS V797P-3032M Order 61907	3/7/2006	12,728.10
						GSA FSS V797P-446A Order 61921	3/14/2006	35,083.76
						BPA/Purchase Order 61923 (Simplified Acquisition Procedures)	3/8/2006	23,745.32
						BPA/Purchase Order 61926 (Simplified Acquisition Procedures)	3/8/2006	243,179.27
						GSA FSS V797P-436A Order 61930	3/8/2006	50,802.00
						GSA FSS Order 61986	3/15/2006	469,397.16
						GSA FSS Order 61986 Modification 1	10/13/2006	15,900.00
						GSA FSS Order 62002	3/17/2006	633.76
						GSA FSS Order 62003	3/17/2006	424.32
						GSA FSS Order 62004	3/17/2006	1,122.78
						GSA FSS V797P-4815A Order 62100	3/30/2006	2,539.53
						GSA FSS V797P-3057M Order 62107	3/30/2006	20,109.60
						GSA FSS V797P-3032M Order 62108	3/30/2006	509,938.50
						GSA FSS Order 62111	3/30/2006	5,719.00
						GSA FSS Order 62113	3/30/2006	4,223.00
						BPA/Purchase Order 62152 (Simplified Acquisition Procedures)	4/10/2006	2,033.00
						BPA/Purchase Order 62153 (Simplified Acquisition Procedures)	4/10/2006	2,191.88
						GSA FSS Order 62175	4/10/2006	81,416.40
						GSA FSS Order 62177	4/10/2006	16,839.53
						GSA FSS Order 62187	4/10/2006	20,495.93
						GSA FSS V797P-4090A Order 62188	4/10/2006	6,881.24
						GSA FSS Order 62212	4/12/2006	4,188.00
						GSA FSS Order 62250	8/31/2006	27,516.52
						GSA FSS Order 62331	6/12/2006	53,716.75
						GSA FSS Order 62331 Modification 2	8/15/2006	11,940.00
						GSA FSS V797P-3032M Order 62427	5/10/2006	34,944.60
						GSA FSS V797P-3032M Order 62429	5/10/2006	13,734.80
						GSA FSS V797P-3032M Order 62431	5/10/2006	125,418.90
						BPA/Purchase Order 62474 (Simplified Acquisition Procedures)	5/15/2006	5,470.00
						BPA/Purchase Order 62475 (Simplified Acquisition Procedures)	5/15/2006	7,700.00

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
						BPA/Purchase Order 62484 (Simplified Acquisition Procedures)	5/15/2006	35,740.45
						BPA/Purchase Order 62484 Modification 1 (Simplified Acquisition Procedures)	8/10/2006	511.92
4	N6890805MP05402 (cont'd)	5/17/05	9750130	FY 2005 Defense Health Program Collateral equipment funds for MILCON project P-225, medical/dental conversion, bldg 275, Washington Navy Yard	Naval Healthcare Support Office, Portsmouth, Virginia	BPA/Purchase Order 62485 (Simplified Acquisition Procedures)	5/15/2006	91,824.00
						GSA FSS V797P-4408A Order 62613	5/26/2006	2,248.00
						BPA/Purchase Order 62617 (Simplified Acquisition Procedures)	6/30/2006	10,552.50
						GSA FSS V797P-3861K Order 62765	6/12/2006	3,627.00
						GSA FSS 1406-04-06-CT-62202 Order 62800	8/17/2006	230,459.50
						GSA FSS V797P-4328A Order 62848	6/21/2006	12,542.07
						GSA FSS Order 62988	7/5/2006	2,612.00
						GSA FSS V797P-4090A Order 63096	7/14/2006	14,870.19
						GSA FSS V797P-3393K Order 63181	7/28/2006	15,075.00
						BPA/Purchase Order 63275 (Simplified Acquisition Procedures)	8/9/2006	3,177.81
						BPA/Purchase Order 63521 (Simplified Acquisition Procedures)	8/30/2006	21,198.66
						BPA/Purchase Order 63647	9/14/2006	11,340.00
						GSA FSS Order 63649	9/14/2006	145,779.95
						GSA FSS Order 63669	9/22/2006	36,733.10
						BPA/Purchase Order W81XWH-04-D-0019 Order 63679	9/14/2006	153,861.38
						BPA/Purchase Order 63895	9/21/2006	35,656.92
						GSA FSS Order 63913	9/22/2006	184,355.50
						GSA FSS V797P4090a Order 66222	10/11/2006	14,721.28
						Purchase Card CE035	4/18/2006	748.80
						Purchase Card CZ647	12/15/2005	578.69
						Purchase Card CZ686	9/30/2006	194.00
						Purchase Card CZ687	No Date	382.22
						Purchase Card CZ763	5/22/2006	940.80
						Purchase Card CZ765	5/16/2006	1,570.34
						Purchase Card CZ765-1	7/13/2006	4.50
						Purchase Card CZ766	5/22/2006	239.85
						Purchase Card CZ831	9/8/2006	895.00
						Purchase Card CZ832	9/8/2006	502.50
						Purchase Card CZ833	9/8/2006	112.50
5	MIPR5LGVWK0146	9/23/05	2152020	FY 2005 Army O&M Funds are provided to fund task B task order 86486	HQDA/CIO/G6 AKO Division, Arlington, Virginia	GSA FSS Order 86486 Modification 57	11/9/2005	3,463,526.67
6	DERM30064A2XP9	8/12/03	9730100	FY 2003 Defense-Wide O&M Funding supports fitness demonstration projects, as per attached statement of work	OSD, Quality of Life Office, Pentagon	Single Award IDIQ Contract 0404CT36874 Order 43323 Modification 1	11/29/2005	3,720.00
						Single Award IDIQ Contract 0404CT36874 Order 62203	4/11/2006	2,788,734.92

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	**MIPR Date**	**Appropriation Code**	**Appropriation Name and MIPR Description**	**DoD Agency Issuing MIPR**	**Contract Action No.**	**Contract Action Date**	**Potential ADA Amount**
7	DRAM51830	9/20/05	9750130	FY 2005 Defense Health Program FY 05 O&M funding. Modification to add funding shortfall to contract GS-10F--0081J order #87170 and correct fund cite	TRICARE Management Activity, Falls Church, Virginia	GSA FSS Order 87170 Modification 14	10/3/2005	119,996.69
						Modification 15	2/20/2006	2,562,209.70
8	MIPR4CINTMM019	12/23/03	2142020	FY 2004 Army O&M CCSP messaging through the Pentagon IT store	USAITA, Pentagon	GSA FSS Order 61715 Modification 2	8/24/2006	1,545,947.29
9	N4027305MP00121	4/11/05	1751806	FY 2005 Navy Reserve O&M AT/FP gear to support the OVM EST/NCWG	Commander, U. S. Atlantic Fleet, Norfolk, Virginia	BPA/Purchase Order 61028 (Simplified Acquisition Procedures)	12/2/2005	10,568.75
						GSA FSS Order 61045	12/7/2005	35,271.50
						Modification Order 61046	12/7/2005	6,033.50
						BPA/Purchase Order 61047 (Simplified Acquisition Procedures)	12/7/2005	5,821.50
						GSA FSS Order 61048	12/7/2005	1,183.00
						GSA FSS Order 61050	12/8/2005	18,149.04
						Modification Order 61055	12/7/2005	10,967.25
						GSA FSS Order 61057	12/7/2005	7,925.56
						GSA FSS Order 61118	12/12/2005	172,500.00
						GSA FSS Order 61119	12/12/2005	8,612.00
						Modification Order 61164	12/14/2005	88,875.50
						GSA FSS Order 61165	12/14/2005	108,675.00
						GSA FSS Order 61168	12/14/2005	65,526.25
						GSA FSS Order 61171	12/14/2005	11,811.25
						Modification Order 61279	12/21/2005	21,635.00
						GSA FSS Order 61284	12/29/2005	125,152.71
						GSA FSS Order 61807	2/24/2006	431,239.00
						BPA/Purchase Order 62527 (Simplified Acquisition Procedures)	5/30/2006	12,800.00
						GSA FSS Order 62528	5/18/2006	3,343.20
						GSA FSS Order 62529	5/22/2006	4,940.40
						BPA/Purchase Order 62530 (Simplified Acquisition Procedures)	5/18/2006	6,738.00
						BPA/Purchase Order 62531 (Simplified Acquisition Procedures)	5/18/2006	3,725.76
						BPA/Purchase Order 62532 (Simplified Acquisition Procedures)	5/18/2006	3,443.20
						BPA/Purchase Order 62533 (Simplified Acquisition Procedures)	5/18/2006	7,849.60
						BPA/Purchase Order 62535 (Simplified Acquisition Procedures)	5/18/2006	5,208.00
						BPA/Purchase Order 62537 (Simplified Acquisition Procedures)	5/18/2006	7,190.60
						GSA FSS Order 62552	5/22/2006	10,332.00
						GSA FSS Order 62554	5/22/2006	9,910.40
						GSA FSS Order 62554 Modification 1	5/30/2006	1,089.28
						GSA FSS Order 62555	5/22/2006	6,094.56
						GSA FSS Order 62556	5/22/2006	22,061.60
						GSA FSS Order 62557	5/22/2006	8,028.90
						GSA FSS Order 62575	5/22/2006	69,552.00
						GSA FSS Order 62576	5/22/2006	13,399.68
						GSA FSS Order 62578	5/22/2006	53,611.28
						GSA FSS Order 62579	5/22/2006	84,288.00
						GSA FSS Order 62580	5/22/2006	14,444.64

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
						BPA/Purchase Order 62583 (Simplified Acquisition Procedures)	5/22/2006	5,096.00
						GSA FSS Order 62623	5/25/2006	37,637.92
						GSA FSS Order 62624	5/25/2006	9,190.28
						BPA/Purchase Order 62625 (Simplified Acquisition Procedures)	5/25/2006	5,224.00
9	N4027305MP00121 (cont'd)	4/11/05	1751806	FY 2005 Navy Reserve O&M AT/FP gear to support the OVM EST/NCWG	Commander, U. S. Atlantic Fleet, Norfolk, Virginia	BPA/Purchase Order 62646 (Simplified Acquisition Procedures)	5/30/2006	13,202.40
						BPA/Purchase Order 62647 (Simplified Acquisition Procedures)	5/30/2006	65,787.20
						BPA/Purchase Order 63037 Simplified Acquisition Procedures)	7/10/2006	723.77
						BPA/Purchase Order 63530 (Simplified Acquisition Procedures)	8/31/2006	63,960.00
						Purchase Card CN072	11/28/2005	236.25
						Purchase Card CS440 (GSA FSS)	11/28/2005	4,490.00
						Purchase Card CS440-A1 (GSA FSS)	11/28/2005	2,352.50
						Purchase Card CS487 (GSA FSS)	4/26/2006	4,417.60
						Purchase Card CS553	8/3/2006	41.19
						Purchase Card CS553-A1	8/3/2006	58.33
						Purchase Card CY009-A1	3/8/2006	556.00
						Purchase Card CY048	4/20/2006	1,275.88
						Purchase Card CY049	4/26/2006	762.04
						Purchase Card CY050	4/28/2006	1,857.60
						Purchase Card CZ625	No Date	906.00
						Purchase Card CZ625A1	No Date	453.00
						Purchase Card CZ625A2	No Date	755.00
10	N6838905MPA1041	8/8/05	1751804	FY 2005 Navy O&M Collateral equipment funds are issued to support special project RECM32-4 renovate building 352 and 400 for the Joint Intelligence Center, Pacific	Joint Intelligence Center Pacific, Pearl Harbor, Hawaii	GSA FSS Order 60436	11/7/2005	75,744.17
						GSA FSS Order 60436 Modification 1	11/16/2005	1,001.42
						GSA FSS Order 60436 Modification 2	4/24/2006	4,172.96
						GSA FSS Order 60437	11/3/2005	18,361.66
						GSA FSS Order 61496	4/18/2006	1,472,491.68
						GSA FSS Order 61496 Modification 1	9/18/2006	10,574.96
						GSA FSS Order 61496 Modification 2	10/13/2006	74,932.20
						Purchase Card CS431	11/16/2005	540.00
						Purchase Card CS432	11/9/2005	2,927.20
11	N0001205MPF0014	9/23/05	1751804	FY 2005 Navy O&M Enterprise program management support	Financial Management Division, Assistant for Administration	GSA Order 43863 Modification 1	11/1/2005	1,823,422.00
12	MIPR5CINTMM014	12/13/04	2152020	FY 2005 Army O&M Support for AUTODIN gateway support	USAITA, Pentagon	GSA FSS Order 60941	12/12/2005	268,450.00
						GSA FSS Order 61407	1/10/2006	84,150.00
						New Definitive Contract 1435-04-06-CT-61606	3/31/2006	367,503.45
13	MIPR5BASMSU001	7/15/05	2152065	FY 2005 Army National Guard O&M Medical readiness modules in MODs	NGB-ARZ-DRM-Arlington, Virginia	GSA FSS 60208	10/6/2005	333,783.27
						GSA FSS 60409	10/13/2005	610,579.16
14	MIPR5MKPVZ0154	9/23/05	9750130	FY 2005 Defense Health Program Programming support for USMEPCOM	HQ USMEPCOM, North Chicago, Illinois	GSA FSS Order 0406D060020	10/20/2005	1,548,035.18

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
15	MIPR5DDIIFD423	1/14/05	2152020	FY 2005 Army O&M Funds for Defense information infrastructure	Department of the Army, Office of the Deputy Chief of Staff, G4, Pentagon	BPA/Purchase Order 1435-04-06-P060147 (Simplified Acquisition Procedures)	10/3/2005	1,557,109.91
16	M0008905MPC2063	7/21/05	1751106	FY 2005 Marine Corps O&M Funds for IT services	Commanding Office MCNOSC, Quantico, Virginia	GSA FSS Order 0406D060550	10/24/2005	261,937.36
17	06-03-17	6/22/06	9760100	Defense-Wide FY 06 O&M 38 workstations, 4 task chairs, 15 guest chairs and installation	Defense Contract Audit Agency, Mid-Atlantic Region, Philadelphia, Pennsylvania	GSA FSS Order 66270	10/12/06	54,805.73
						GSA FSS Order 66271	10/12/06	44,815.20
						GSA FSS Order 66564	11/20/06	12,340.95
						GSA FSS Order 66575	01/04/07	24,695.48
						GSA FSS Order 66853	12/07/06	41,506.94
						GSA FSS Order 66854	12/19/06	229,997.37
						GSA FSS Order 66854/Mod 1	03/13/07	12,214.84
						GSA FSS Order 67147	01/23/07	5,499.69
18	DHAM50044	12/7/04	9750100	Defense-Wide FY 05 O&M Funds for the OSD declassification support contract	DoD Washington Headquarters Services, Washington DC	GSA FSS Order 60547	11/03/06	2,687.89
19	DHAM60055	12/6/05	9760100	Defense-Wide FY 06 O&M Funds for FY 2006 contractor support to the declassification project	DoD Washington Headquarters Services, Washington DC	GSA FSS Order 60547	11/03/06	967,772.32
20	DHAM60083	1/23/06	9760100	Defense-Wide FY 06 O&M Funds for FY 2006 contractor support to the declassification project	DoD Washington Headquarters Services, Washington DC	GSA FSS Order 60547	11/03/06	2,483.20
21	F1AF2B6229G001	8/17/06	5763400	Air Force FY 06 O&M Pay Air Force portion of COCOM record review funding	SAF/FME, Pentagon	GSA FSS Order 60547/Mod 0003	01/23/07	1,414.66
22	F1D3265256G001/0002	11/29/06	5753400	Air Force FY 2005 O&M To provide labor, tools, parts, materials and transportation to repair/service Bld. 3445	89 CES/CERF, Andrews Air Force Base, Maryland	New Definitive Contract 0404CT36570 Order 37300/Mod 003	02/05/07	451,702.00
23	F2BDEC6265G001	9/22/06	5743080	Air Force FY04 Other Procurement Funds provided to support GCSS-AF program hardware purchases	HQ OSSW/EISS/EID, Hanscom Air Force Base, Massachuetts	GSA FSS Order 63622 Modification 0001	01/19/07	7,543.34

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
24	LT6ZKA60016	9/15/06	9760100	Defense-Wide FY 06 O&M Funds identified to provide support for achieving the DUSD(L&MR) organization practices and policies as it relates to USD (AT & L) directives	Defense Logistics Agency, Fort Belvoir, Virginia	New Definitive Contract 0407CT67048	01/18/07	327,583.60
25	M0008006RQDD036	9/25/06	1761106	Marine Corp. FY 06 O&M IT hardware, software, consumables and supplies	Headquarters, United States Marine Corps, Washington DC	GSA FSS Order 67063	01/17/07	1,186,279.38
26	MIPR0004960261	6/16/04	5743400	Air Force FY 2004 O&M To provide a contractor's proposal for the renovation of building 3445	89 CES/CERF, Andrews Air Force Base, Maryland	New Definitive Contract 0404CT36570 Order 37300	09/23/05	150,000.00
27	MIPR6EBCNK7500	1/18/06	9760130	FY 2006 Defense Health Program O&M Funds are provided to purchase the following: furniture, artwork and medical/non-medical equipment for 121st General Hospital, South Korea	Resource Management Division, Womack Army Medical Center, Fort Bragg, North Carolina	GSA FSS Order 66669	01/13/07	190,612.43
28	MIPR6JBCN2004	6/29/06	9760130	FY 2006 Defense Health Program O&M Funds are provided to purchase non-medical equipment for Bagram Afghanistan combat support hospital	Resource Management Division, Womack Army Medical Center, Fort Bragg, North Carolina	GSA FSS Order 66226	10/02/06	49,657.22
						GSA FSS Order 66485	10/19/06	5,750.00
						GSA FSS Order 66535	10/30/06	3,206.00
						GSA FSS Order 66545	10/27/06	8,400.00
						GSA FSS Order 66614	11/09/06	7,533.00
						GSA FSS Order 66643	01/16/07	8,927.75
						GSA FSS Order 66669	01/13/07	96,479.66
						Open Market Contract 66542	10/27/06	5,744.00
						Open Market Contract 66544	10/27/06	3,255.00
						Purchase Card CB164	10/10/06	1,249.50
						Purchase Card CZ 920	11/14/06	2,089.88
						Purchase Card CZ884	10/24/06	253.20
						Purchase Card CZ885	10/24/06	836.64
						Purchase Card CZ913	11/13/06	1,230.48
29	N0003806MP01065	8/17/06	1761804	Navy FY06 O&M PACOMs declassification reviews in accordance with Executive Order 12958	Commander, US Pacific CMD, Camp H.M. Smith, Hawaii	GSA FSS Order 60547/Mod 0003	01/23/07	276,480.00
30	N0005206MP001G6	8/2/06	1761804	Navy FY06 O&M Collateral equipment funding provided for FY 05 UMC P-794 construct command and control facilities	Commander, Navy Installations, Washington DC	GSA FSS Order 66106	10/06/06	87,215.10
						GSA FSS Order 67024	01/11/07	5,305.30
						GSA FSS Order 67025	01/11/07	18,478.60
						GSA FSS Order 67027	01/16/07	4,756.80
						Open Market Contract 67026	01/22/07	19,392.76
						Purchase Card CB183	10/13/06	1,374.00
31	N0006006MP0011M	2/28/06	1761804	Navy FY 06 O&M Furniture purchase for the renovated flag spaces in NHIS and for the relocation of the flag deck from NH4N to NH1S	Commander, U.S. Atlantic Fleet, Norfolk, Virginia	GSA FSS Order 63502, Modification 0002	01/17/07	9,684.34

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
32	N0006606MPJQ060	8/21/06	1761804	Navy FY06 O&M Funds provided for USJFCOM AT WHS under GovWorks contract 41268	US Joint Forces Command, Norfolk, Virginia	GSA FSS Order 60547/Mod 0003	01/23/07	270.34
33	N6286306RC244V7	9/15/06	1761804	Navy FY 06 O&M Miscellaneous hardware for supply fuels division	Naval Station, Rota, Spain	BPA/Purchase Order 66890 (Simplified Acquisition Procedures)	01/17/07	17,091.70
34	V4054062280312	9/12/06	1761804	Navy FY06 O&M Anti-terrorism force protection gear and equipment	Riverine Group One, Norfolk, Virginia	GSA FSS Order 66461	10/25/06	18,522.00
						GSA FSS Order 66462	10/25/06	121,318.75
						GSA FSS Order 66985	01/03/07	11,940.00
						GSA FSS Order 66988	01/03/07	6,805.51
						GSA FSS Order 67042	01/22/07	41,256.00
						GSA FSS Order 67044	01/22/07	26,596.66
						Open Market Contract 66529	10/25/06	6,525.00
						Open Market Contract 66530	10/25/06	8,725.62
						Open Market Contract 66572	11/14/06	64,000.00
						Open Market Contract 66573	11/14/06	25,207.00
						Open Market Contract 66587	11/14/06	8,270.00
						Open Market Contract 66677	11/14/06	5,626.36
						Open Market Contract 66708	11/28/06	83,401.80
35	DSIA60228	9/8/06	9760100	OSD Defense-Wide FY 2006 O&M To provide funding for support to multiple new task forces for the Defense Science Board. The scope of work for each delivery order is prescribed in detail in a statement of work specific to each project	OUSD (AT&L)ARA/Studies Program Office, 4850 Mark Center Drive Room 9606, Alexandria, VA	GSA FSS Order 66321	11/08/06	157,531.38
36	F1DT866236GC01	8/24/06	5743080	Air Force FY 2004 Other Procurement COOP network and MBITR radios	HQ Air Force Office of Special Investigations, 1535 Command Dr, Andrews AFB, Maryland	GSA FSS Order 66417	11/01/06	1,150,074.30
37	F1DT866236GC07	8/24/06	5763400	Air Force FY 2006 O&M HSPD-12 compliance hardware and software	HQ Air Force Office of Special Investigations, 1535 Command Dr, Andrews AFB, Maryland	GSA FSS Order 66417	11/01/06	8,486.70

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
38	F2BDEC6228G001	8/14/06	5753600	Air Force FY 2005 research, development, test, and evaluation Funding provided to support GCSS-AF program for the purchase	643rd ELSSEID, 45 Arnold Street, Hanscom AFB, Massachuetts	GSA FSS Order 66987	01/08/07	70.76
39	F2BDEC6265G002	9/22/06	5743080	Air Force FY 2004 Other Procurement Funds provided to support GCSS-AF program purchases	HQ OSSW/EISS/EID, 45 Arnold St, Hanscom AFB, Massachuetts	GSA FSS Order 66987	01/08/07	406,935.35
40	LT6ZKA60012	5/1/06	9760100	OSD Defense-Wide FY 2006 O&M FY 06 logistics transformation funding. Funds will support the contracted efforts for the Government administration of military postal services	Defense Logistics Agency, Fort Belvoir, Virginia	GSA FSS Order 62500	11/17/06	296,338.88
41	M0008006RQDD036/0002	9/11/06	1761106	Marine Corps FY 2006 O&M IT Hardware, software and consumable items	Headquarters, United States Marine Corps, Federal Office Building #2, Navy Annex, Washington DC.	GSA FSS Order 66820	12/21/06	109,856.85
42	MIPR6MCG1R0148	9/13/06	2162020	Army FY 2006 O&M Two J2EE programmers to provide programming support	HQ USMEPCOM, 2834 Green Bay Road, North Chicago, Illinois	GSA FSS Order 66268	12/01/06	288,461.54
43	MIPR6MCOURT184	9/22/06	2162020	Army FY 2006 O&M Design, equipment, and installation of a courtroom evidence presentation system and video teleconferencing system at Fort Campbell, KY	U.S. Army Legal Services Agency, 901 North Stuart Street, Suite 700, Arlington, Virginia	GSA FSS Order 66473	11/27/06	174,992.86
44	N0007406MPQD017	8/10/06	9760100	OSD Defense-Wide FY 2006 O&M To procure and install furniture for modular trailer facilities, building 624	Naval Special Warfare Command, 2000 Trident Way, building 624, San Diego, California	GSA FSS Order 66856	12/07/06	281,727.18
45	N6258306MPNF175	9/21/06	1761804	Navy FY 2006 O&M Body armor and/or tactical gear	Naval Facilities Expeditionary Logistics Center, 1000 23rd Ave, Building	GSA FSS Order 66597	11/14/06	100,940.50
						GSA FSS Order 66683	11/28/06	103,500.00
46	N6258306MPNF176	9/22/06	1761804	Navy FY 2006 O&M Body armor and/or tactical gear	Naval Facilities Expeditionary Logistics Center, 1000 23rd Ave, Building	GSA FSS Order 66597	11/14/06	87,600.00
						GSA FSS Order 66683	11/28/06	429,040.00

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	**MIPR Date**	**Appropriation Code**	**Appropriation Name and MIPR Description**	**DoD Agency Issuing MIPR**	**Contract Action No.**	**Contract Action Date**	**Potential ADA Amount**
47	N6260406MP001GV	9/19/06	1761804	Navy FY 2006 O&M Furniture and equipment for replacement of hurricane damaged material at NCBC Gulfport, MS	Commander, Navy Installations, 2713 Mitscher Road, SW, Washington, DC	GSA FSS Order 66452	12/15/06	145,251.54
							Total Amount of Potential ADAs	**50,975,933.51**
							Total Number of Potential ADAs	**336**

Legend
GSA Federal Supply Schedule Orders
Purchase Card
BPA/Purchase Order (Simplified Acquisition Procedures)
Single Award IDIQ Contract
Modification
New Definitive Contract
Potential ADAs That Occurred After October 16, 2006

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
Potential Antideficiency Act Violations Identified at theNational Institutes of Health								
1	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philadelphia (on behalf of U.S. Army Medical Deparment Activity	Delivery Order SP0200-06-F-QB46	12/16/05	134,912.63
2	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QA25	12/13/05	133,939.38
3	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QA41	11/10/05	129,036.30
4	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QA57	11/14/05	111,674.15
5	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Deliver Order SP0200-06-F-QB64	01/04/06	98,095.00
6	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QB65	01/06/06	82,336.01
7	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QB68	02/01/06	198,742.00
8	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QB91	02/02/06	99,371.00
9	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QB92	02/03/06	99,371.00
10	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QC06	02/01/06	22,694.70
11	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QC07	02/01/06	99,767.80
12	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QC08	02/01/06	99,371.00

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
13	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QC09	02/01/06	43,583.77
14	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QC10	02/01/06	99,311.51
15	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QC15	02/03/06	94,626.90
16	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QC16	02/03/06	99,753.66
17	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QC17	02/08/06	83,746.17
18	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of DENCOM)	Delivery Order SP0200-06-F-QC33	03/06/06	87,167.54
19	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of Naval Branch Health Clinic Portsmouth)	Delivery Order SP0200-06-F-QB45	12/16/05	155,957.49
20	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of Naval Branch Health Clinic Marietta)	Delivery Order SP0200-06-F-QB47	12/15/05	113,238.70
21	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of Naval Hospital Bremerton)	Delivery Order SP0200-06-F-QB48	12/16/05	117,924.53
22	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program funds	DSC Philidelphia (on behalf of Naval Medial Center Portsmouth)	Delivery Order SP0200-06-F-QB60	12/30/05	130,069.25
23	Unavailable	Unavailable	9760130	FY 2006 Defense Health Program funds	SSC Charleston (on behalf of Naval Medical Information Management Center)	Delivery Order N65236-05-F-4314	09/23/06	179,784.44

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
24	Unavailable	Unavailable	1751106	Marine Corps FY 2005 O&M	Marine Corps Regional Contracting Office Southwest(on behalf of the 3rd Marine Aircraft Wing	Delivery Order M00681-05-F-1111	09/23/06	205,900.00
25	Unavailable	Unavailable		FY 2004 Defense Health Program Procurement Defense Medical Program Activity funds	SSC Charleston (on behalf of TriCare Management Activity	Delivery Order N65236-05-F-3691	09/25/06	224,630.64
26	Unavailable	Unavailable		FY 2004 Defense Health Program Procurement Defense Medical Program Activity funds	SSC Charleston (on behalf of TriCare Management Activity	Delivery Order N65236-05-F-3692	09/25/06	494,725.00
27	Unavailable	Unavailable		FY 2004 Defense Health Program Procurement Defense Medical Program Activity funds	SSC Charleston (on behalf of TriCare Management Activity	Delivery Order N65236-05-F-3839	09/29/06	128,100.00
28	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program Funds	DSC Philadelphia (on behalf of the Armed Forces Institute of Pathology	Delivery Order SP0200-06-F-QA24	10/25/05	85,976.25
29	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program Funds	DSC Philadelphia (on behalf of the Armed Forces Institute of Pathology	Delivery Order SP0200-06-F-QA83	12/05/05	78,936.55
30	Unavailable	Unavailable	9750130	FY 2005 Defense Health Program Funds	DSC Philadelphia (on behalf of the Armed Forces Institute of Pathology	Delvery Order SP0200-06-F-QB50	12/29/05	367,119.85
31	Unavailable	Unavailable	9760100	Defense FY 2006 O&M	Defense Infromation Technology Contracting Office (on behalf of the White House Communications Agency)	Delivery Order HC1013-06-F-2752 (CC200623340)	09/07/06	255,664.11

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	**MIPR Date**	**Appropriation Code**	**Appropriation Name and MIPR Description**	**DoD Agency Issuing MIPR**	**Contract Action No.**	**Contract Action Date**	**Potential ADA Amount**
32	Unavailable	Unavailable	9760100	Defense FY 2006 O&M	Defense Infromation Technology Contracting Office (on behalf of the White House Communications Agency)	Delvery Order HC1013-06-F-2757 (CC200623380)	09/08/06	260,300.00
33	Multiple MIPRs identified in DoDIG Report No. D-2008-022, page 60 (#33)	various	2062020 2052020	Army FY 2005 and FY 2006 O&M	NIH (on behalf of Pentagon Telecommunications Center)	Task Order 2380	02/23/05	3,220,571.65
34	Unavailable	Unavailable	2062020	Army FY 2006 O&M	NIH (on behalf of Army G-6)	Task Order 2429	09/21/05	432,388.00
	Purpose Statue Violation			Statement of work states "The purpose is of the Task Order is to produce an Architecture Development Plan," therefore RDT&E funds should have been used.				
35	Unavailable	Unavailable	2062020	Army FY 2006 O&M	NIH (on behalf of Army G-6)	Task Order 2517	09/29/06	391,634.15
	Purpose Statue Violation			Statement of work states "sevelopment/prcurement of tools, processes, governance, and metrics for Army-wide SOA [service-oriented architecture] implementation through a series of pilot initiatives." Therefore, RDT&E funds should have been used.				
36	Multiple MIPRs identified in DoDIG Report No. D-2008-022, page 62 (#36)	various	5773400 5763400 5753400 5743400	Air Force FY 2007, FY 2006, FY 2005, and FY 2004 O&M	NIH (on behalf of the Headquarters Air Force Material Command Communications)	Task Order 2315	05/19/04	260,540.97
37	Multiple MIPRs identified in DoDIG Report No. D-2008-022, page 63 (#37)	various	5773400 5763400 5753400	Air Force FY 2007, FY 2006, and FY 2005 O&M	NIH (on behalf of the Headquarters Air Force FM Directorate)	Task Order 2377	02/03/05	143,763.15
38	Unavailable	Unavailable	5773400 5763400	Air Force FY 2007 and FY 2006 O&M	NIH (on behalf of the Headquarters Air Force Material Command Communications)	Task Order 2513	09/20/06	563,615.63
	Purpose Statue Violation		See page 13 of report for further discussion on this purchase.	The statement of work for the task order was for design, analysis, and initial pilot efforts. Therefore RDT&E funds should have been used.				

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	**MIPR Date**	**Appropriation Code**	**Appropriation Name and MIPR Description**	**DoD Agency Issuing MIPR**	**Contract Action No.**	**Contract Action Date**	**Potential ADA Amount**
39	Multiple MIPRs identified in DoDIG Report No. D-2008-022, page 66, table (#39)	various	2022020 2032020 2042020 2052020 2062020	Army FY 2002, FY 2003, FY 2004, FY 2005, and FY 2006 O&M	NIH (on behalf of U.S. Southern Command	Task Order 2054	10/01/01	11,836,449.10
40	Multiple MIPRs identified in DoDIG Report No. D-2008-022, page 66, (#40)	various	2032020 2042020 2052020 2062020	Army FY 2003, FY 2004, FY 2005, and FY 2006 O&M	NIH (on behalf of U.S. Southern Command	Task Order 2228	06/01/03	5,118,457.85
41	Multiple MIPRs identified in DoDIG Report No. D-2008-022, page 67, (#41)	various		Defense FY 2004 and FY 2005 RDT&E	NIH (on behalf of Defense Information Systems Agency	Task Order 2369	01/27/05	1,164,029.84
42	Multiple MIPRs identified in DoDIG Report No. D-2008-022, page 69, (#42)	various	5723400 5733400 5743400 5753400 5763400 5773400	Air Force FY 2002, FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007 O&M	NIH (on behalf of Joint Task Force-Global Network Operations	Task Order 2204	09/30/02	1,884,739.12
	Bona Fide Needs Rule (above) and Purpose Statue Violation			The statement of work, task 9 was "to define, develop, document, prototype, test, and modify the Universal Computer Crime System." Based on this description, RDT&E funds should have been used.				256,343.00
43	Multiple MIPRs identified in DoDIG Report No. D-2008-022, page 70, (#43)	various	2032020 2042020 2052020 2062020 2072020	Army FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007 O&M	NIH (on behalf of Joint Interagency Task Force South	Task Order 2232	05/01/03	1,294,486.97

Potential Antideficiency Act Violations Identified Non-DoD Agencies

A	B	C	D	E	F	G	H	I
	MIPR Number	MIPR Date	Appropriation Code	Appropriation Name and MIPR Description	DoD Agency Issuing MIPR	Contract Action No.	Contract Action Date	Potential ADA Amount
Potential Antideficiency Act Violations Identified at the U.S. Department of Veterans Affairs								
1	MIPR05273AM001 MIPR05273AM002 MIPR05273CA003	9/30/05	2052020	Army FY 2005 O&M Recruiting Tools	Office of the Secretary of the Army Manpower and Reserve Affairs	Unavaiable	03/02/06	6,550,000.00
2	F1ATD45270G001	9/28/05	9750130	FY 2005 Defense Health Program SPI Dynamics Web Inspector Core Perpetual User License and Maintenance, and SPI Dynamics Web Inspect Professional Services 3-day classroom course with certification	Air Force Surgeon General	Unavailable	05/25/06	27,220.00
3	F1ATD45270G001	9/28/05	9750130	FY 2005 Defense Health Program EMC Storage Solutions	Air Force Surgeon General	Unavailable	03/16/06	318,704.00
4	F1ATD45270G001	9/28/05	9750130	FY 2005 Defense Health Program Dell Server PowerEdge and Dell Server Storage Enclosure PowerVault	Air Force Surgeon General	Unavailable	02/16/06	69,904.00
5	F1ATD45270G001	9/28/05	970130	FY 2005 Defense Health Program BladeFram Base, software/license, and Processing Blade-2 Socket Dual Core 2.2 GHz Opteron, additional Blade items, and Enterprise Normal Business Hours Support	Air Force Surgeon General	Unavailable	02/16/06	718,606.00
6	F2VTJ55266GC01	9/23/05	5753400	Air Force FY 2005 O&M Rapid Redployment Communications Package	Air Force Joint Communications	GS-35F-4655H	12/15/05	358,749.00

Potential Antideficiency Act Violations Identified at the Department of the Treasury

1	H98230-E806-0032	8/25/2006	9660100	DoD FY 2006 O&M development of a computer-based training tutorial package to support its counterterrorism training curriculum	National Security Agency	task order SAN008995	9/15/06	$323,971
	Purpose Statue Violation			Over $250,000 should have used Other Procurement funds				

Appendix G. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Technology, and Logistics
    Director, Acquisition Resources and Analysis
    Director, Defense Procurement and Acquisition Policy
Under Secretary of Defense (Comptroller)/Chief Financial Officer
    Deputy Chief Financial Officer
    Deputy Comptroller (Program/Budget)
Under Secretary of Defense for Personnel and Readiness
General Counsel of the Department of Defense
Director, Program Analysis and Evaluation

Department of the Army

Assistant Secretary of the Army (Financial Management and Comptroller)
Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Manpower and Reserve Affairs)
Naval Inspector General
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Non-Defense Federal Organization

Office of Management and Budget
U.S. Office of Personnel and Management
Department of the Interior, Inspector General
Department of the Treasury, Inspector General
General Services Administration, Inspector General
National Aeronautics and Space Administration, Inspector General
National Institutes of Health, Inspector General
U.S. Department of Veterans Affairs, Inspector General

Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Homeland Security and Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Oversight and Government Reform
House Subcommittee on Government Management, Organization, and Procurement, Committee on Oversight and Government Reform
House Subcommittee on National Security and Foreign Affairs, Committee on Oversight and Government Reform

Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer Comments

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

COMPTROLLER

MAR 1 2 2008

MEMORANDUM FOR PROGRAM DIRECTOR, DEFENSE FINANCIAL AUDITING SERVICE, OFFICE OF INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Draft Audit Report, "Summary report on Potential Antideficiency Act Violations Resulting From DoD Purchases Made Through Non-DoD Agencies (FY 2004 Through FY 2007)", Project No. D2007-D000CF-0237.000

This memo is in response to the subject February 8, 2008 draft report provided to this office for review and comment. Our response to each of the audit report recommendations directed to the Under Secretary of Defense (Comptroller)/Chief Financial Officer is at Attachment 1.

We appreciate the opportunity to respond to your draft audit report and look forward to resolving the cited issues. My point of contact is Ms. Rodney Gregory. She can be contacted by telephone at 703-697-1008 or e-mail at rodney.gregory@osd.mil.

Radha Sekar
Assistant Deputy Under Secretary of Defense (Financial Management)

Attachments:
As stated

cc:
ODGC(F)

Attachment 1
Response to Draft Audit Report Recommendations

Office of the Inspector General (OIG), Department of Defense (DoD)
"Summary report on Potential Antideficiency Act Violations Resulting From DoD Purchases Made Through Non-DoD Agencies (FY 2004 Through FY 2007)"
OIG Project No. D2007-D000CF-0237.000

OIG Recommendation 1a. Update DoD 7000.14-R, "Financial Management Regulation" (FMR), to reflect the information contained in the many policy memorandums issued in the last few years regarding interagency purchasing. Include in the update policy notification that even though bona fide needs rule violations can be mitigated by replacing improper funds with correct funds, the initial misuse of funds will not be tolerated; personnel responsible should be held accountable and appropriate administrative actions taken. Issue policy stating that replacing wrong year funds is a misuse of funds.

OSD Response. Concur. Appropriate sections of the FMR were updated as of February 29, 2008.

OIG Recommendation 1b. Determine why the formal investigations for the eight purchases cited in the report were not completed by the timeframes as required by DoD 7000.14-R, "Financial Management Regulation". Ensure the Services complete the eight formal investigations as required.

OSD Response. Concur. The eight purchases cited are part of ongoing formal investigations. This office will determine from the Services why the investigations were not completed according to the timeframes in the FMR.

OIG Recommendation 1c. Closely monitor the remaining formal investigations to ensure the DoD organizations complete the investigations within the new time frames.

OSD Response. Concur. This office established a task force in May 2007 to monitor all potential ADA violation cases arising from interagency agreements.

OIG Recommendation 1d. Coordinate with the DoD Office of General Counsel and the Under Secretary of Defense Personnel and Readiness and work with the U.S. Office of Personnel and Management to develop the applicable authority to discipline the organizations, individuals, or both that commit funding problems that could lead to potential ADA violations. Such actions should deter organizations and individuals from repeatedly making improper use of funds. The Under Secretary of Defense (Comptroller)/Chief Financial Officer should also

consider strengthening internal controls such as offering training and issuing clear, consistent policies.

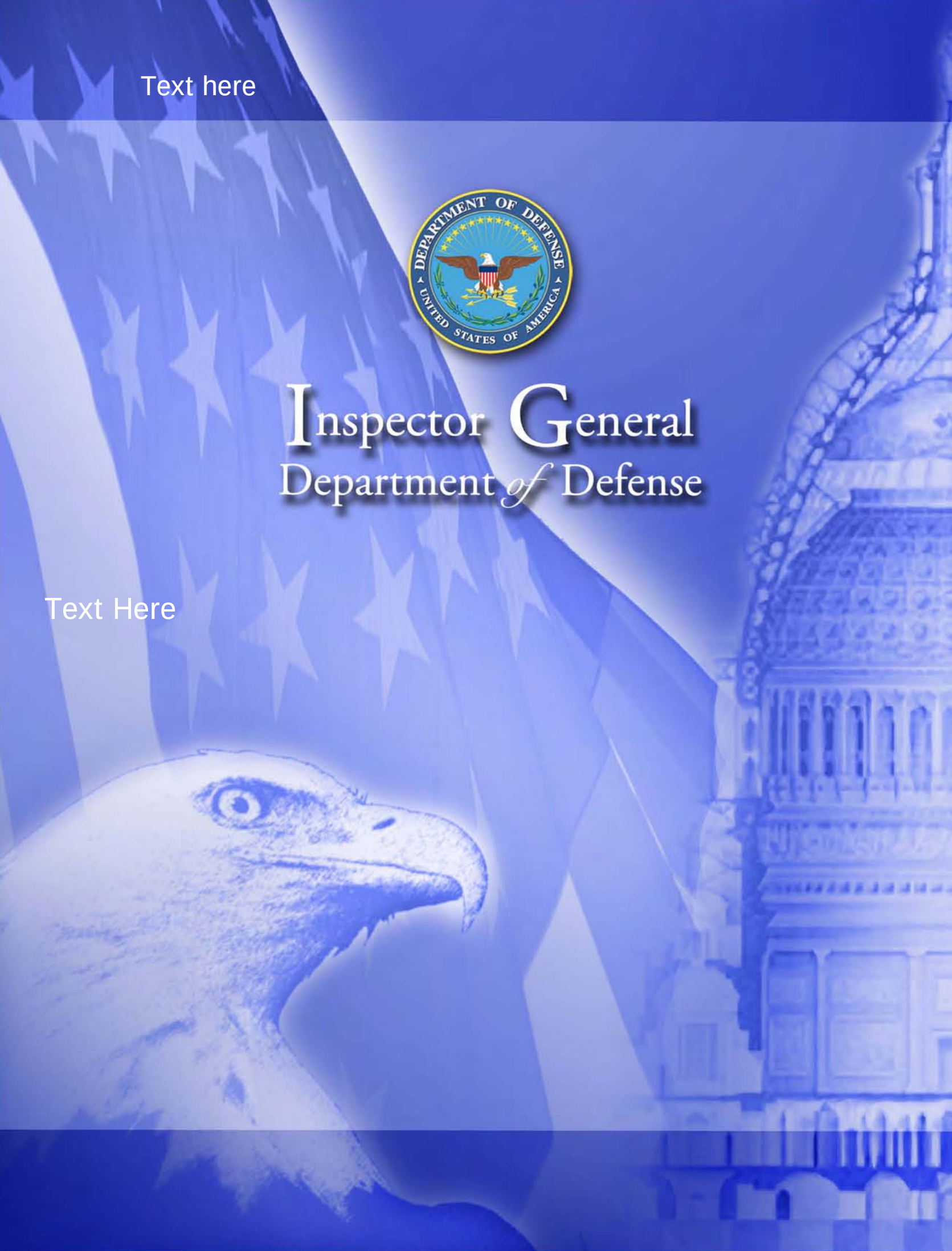
OSD Response. Partially concur. As part of the ADA task force effort, OUSD(C) staff sought advice from the DoD Office of General Counsel on this general issue. The challenge has been that it is improper for USD(C) to oversee or influence discipline undertaken for ADA-related misconduct in particular cases, and USD(C) cannot mandate that Components impose a specific penalty for a particular type of fiscal violation. Moreover, a responsible individual's actions resulting in an ADA violation often result from mistakes and errors rather than actual misconduct. In such cases, appropriate remedial action must involve counseling, training, or other process changes rather than imposition of "discipline." Individual DoD Components typically utilize regulatory tables of penalties for various personnel offenses. The USD(C) will ask USD(P&R) to issue policy requiring that the components address misconduct resulting in ADA or bonafide need violations within regulatory tables that set forth ranges of disciplinary penalties, or within other appropriate regulatory issuances. Accomplishment of this objective will not require any action by the U.S. Office of Personnel and Management. With respect to "discipline" of organizations, that is not feasible in the sense that the concept of "discipline" does not extend to governance of subordinate organizations within the Department. The USD(C) will continue ongoing efforts at strengthening internal controls such as offering training and issuing clear, consistent policies.

Team Members

The Department of Defense Office of the Deputy Inspector General for Auditing, Acquisition and Contract Management prepared this report. Personnel of the Department of Defense Office of Inspector General who contributed to the report are listed below.

Richard B. Jolliffe
Terry L. McKinney
Christine M. McIsaac
Bethany M. Thomas
Luke D. Penskar
Meredith H. Johnson

Text here



Inspector General
Department of Defense

Text Here