



Accounting and Information
Management Division

B-256425

February 24, 1994

The Honorable William J. Perry
The Secretary of Defense

Dear Mr. Secretary:

The Department of Defense Authorization Act, Public Law 101-510 (1990), codified at 31 U.S.C. §1551 note, canceled all remaining merged ("M") appropriation account balances on September 30, 1993. Department of Defense (DOD) financial reports showed that as of September 30, 1993, five DOD "M" accounts had negative balances totaling \$152.7 million. These DOD "M" accounts are as follows:

Other DOD	
Research, Development, Test, and Evaluation (RDT&E)	\$105.2 million
Operation and Maintenance (O&M)	\$28.6 million
Navy	
O&M	\$13.7 million
Other Procurement	\$3.1 million
Air Force	
Military Construction, Air National Guard (Milcon/ANG)	\$2.1 million

The Antideficiency Act, 31 U.S.C. §1341(a)(1), provides that no officer or employee of the government shall make or authorize an expenditure or obligation in excess of an appropriation or fund. Office of Management and Budget (OMB) Circular A-34, which implements the act, requires agency heads to immediately report violations of the act to the President, via OMB, and the Congress. Under DOD Directive 7200.1, when violations of the act are suspected, the responsible head of the organizational unit concerned is required to conduct an

investigation to determine whether a violation has occurred and to make interim reports of investigative actions taken.

We would like to know whether the DOD components with negative "M" account balances are conducting investigations to determine whether there were any violations of the Antideficiency Act. If so, please advise us of the present status of these investigations and their projected completion dates. If not, please advise us as to when such investigations will begin.

Another serious concern is the billions of dollars in disbursements that have been made by various DOD disbursing offices but have not been distributed or matched to the obligational records in DOD accounting offices. In recent reports, we have noted that the Army, Navy, and Air Force have all had significant problems with properly matching disbursements and obligations, with some disbursements remaining unmatched for years.¹ We know that you agree that this is not an acceptable situation. We would like to be advised of the actions DOD is taking to promptly resolve and account for the undistributed disbursements attributable to any present (that is, current or expired) accounts or the former "M" accounts.

We look forward to hearing from you on how DOD plans to respond to the issues involving the negative "M" account

¹Financial Audit: Aggressive Actions Needed for Air Force to Meet Objectives of the CFO Act (GAO/AFMD-92-12, Feb. 19, 1992); Financial Management: Navy Records Contain Billions of Dollars in Unmatched Disbursements (GAO/AFMD-93-21, June 9, 1993); and Financial Audit: Examination of the Army's Financial Statements for Fiscal Years 1992 and 1991 (GAO/AIMD-93-1, June 30, 1993).

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balances and the billions of dollars in undistributed and unmatched disbursements.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Gene L. Dodaro".

Gene L. Dodaro
Assistant Comptroller General

(511269)

GAO/AIMD-94-84R DOD "M" Accounts

