



United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

B-248717

August 20, 1992

Colonel John Mills, USA
Commander
U.S. Army Engineer District, Fort Worth
P.O. Box 17300
Fort Worth, TX 76102-0300



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Dear Colonel Mills:

We recently completed an audit of the Department of the Army's fiscal year 1991 consolidated financial statements pursuant to the Chief Financial Officers Act of 1990 (Public Law 101-576). One purpose of these statements and our audit is to provide agency managers and the Congress with complete and reliable information to use in financing, managing, and evaluating Army programs. In order to do this effectively, the accounting records throughout the Army need to be as accurate as possible. During our audit, we identified adjustments necessary to correct the accounting records at 23 Army locations.

We presented adjustments to correct the Army's consolidated financial statements in a May 19, 1992, management letter (GAO/AFMD-92-68ML) to the Assistant Secretary of the Army for Financial Management and the Director, Defense Finance and Accounting Service. However, many of these adjustments were projections based upon statistical samples performed as part of our audit and were made only to the consolidated financial statements, not to the underlying records.

Enclosure I shows about \$46.6 million of adjustments made to the financial statements that also need to be recorded to correct the accounting records at the Fort Worth District. We have discussed most of these adjustments with your staff and provided them with supporting documentation. They may have already recorded some of the adjustments. However, all of the adjustments should be made by the end of fiscal year 1992. If you have any questions or require our assistance in resolving these matters, please contact Terry Carnahan, Acting Associate Director, on (202) 275-7095.

Please provide us your comments on these matters and a description of the actions taken within 30 days of the date

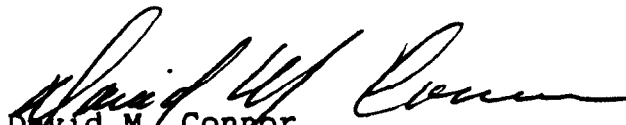
GAO/AFMD-92-109ML

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of this letter. We are sending copies of this letter to the Assistant Secretary of the Army for Financial Management; the Director, Defense Finance and Accounting Service; and the Comptroller of the Army.

Sincerely yours,


David M. Connor
Director, Defense Financial Audits

Enclosure

ENCLOSURE I

FORT WORTH DISTRICT, TEXAS
LIST OF PROPOSED GENERAL LEDGER
ADJUSTMENTS RESULTING FROM 1991
FINANCIAL STATEMENT AUDIT

ENCLOSURE I

NO.	ACCOUNT TO BE ADJUSTED	GLAC	AMOUNTS		EXPLANATION
			DEBIT	CREDIT	
1	Fixed assets, net	1700	1,194,239.60		To transfer costs of completed or unfeasible projects (as of 9/30/91) out of work in progress to the appropriate accounts.
	Preliminary work	3310.14	3,793,394.80		
	Construction in progress	1720		4,987,634.40	
2	Construction in progress	1722	11,241,790.00		To establish estimated accruals for construction contractors at year end.
	Accounts payable	2113		11,241,790.00	
3	A/R approp. reimb.	1310.4	34,390.59		To book accounts receivable, public items, billed but not booked as of 9/30/91.
	Other revenue	5900		34,390.59	
4	Transfers out	3231	30,314,006.15		To adjust for projects identified as completed as of 9/30/91.
	Construction in progress	1722		30,314,006.15	
TOTAL ADJUSTMENTS			46,577,821.14	46,577,821.14	

Note: General ledger account 3231 (transfers out) is an equity account.