



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

Accounting and Financial
Management Division

B-248717

August 20, 1992



147421

Major General Kenneth R. Wykle, USA
Commander
U.S. Army Transportation Center
Fort Eustis, VA 23604-5048

Dear General Wykle:

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 \$35 million of adjustments made to the financial statements that also need to be recorded to correct the accounting records at Fort Eustis. 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

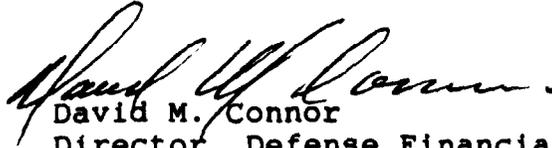
GAO/AFMD-92-98ML

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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

FORT EUSTIS, VIRGINIA
LIST OF PROPOSED GENERAL LEDGER
ADJUSTMENTS RESULTING FROM 1991
FINANCIAL STATEMENT AUDIT

NO.	ACCOUNT TO BE ADJUSTED	GLAC	AMOUNTS		EXPLANATION
			DEBIT	CREDIT	
1	Oper/prog exp.-pers comp Accrued payroll-civ.	6111 2211	1,193,710.83	1,193,710.83	To record accrued civilian payroll.
2	Accrd p/r civ-emp shr ben Oper/prog exp.-pers ben	2213 6113	434,670.34	434,670.34	To correct overstatement of accrued employer share of fringe benefits.
3	Equipment in use Transfers in	1762 3220	2,094,892.06	2,094,892.06	To adjust Table of Distribution and Allowances value from 8/31/91 to 9/30/91.
4	Equipment in use Transfers in	1762 3220	3,535,220.64	3,535,220.64	To record Table of Distribution and Allowances equipment which was not reported.
5	Transfers in Land Buildings Other struct.&fac.	3220 1710 1730 1740	27,911,800.00	100.00 27,219,900.00 691,800.00	To correct reporting errors.
TOTAL ADJUSTMENTS			35,170,293.87	35,170,293.87	

Note: General ledger account 3220 (transfers in) is an equity account.