



Seattle Regional Office

Room 1992, Jackson Federal
Building
915 Second Avenue
Seattle, WA 98174

May 4, 1992

Lieutenant Colonel Robert D. Volz
Commander, Department of the Army
U.S. Army Corps of Engineers
Building 602
City/County Airport
Walla Walla, WA 99362

Dear Colonel Volz:

We are conducting a comprehensive review of the U.S. Army's financial systems and operations. Our primary objectives are to assess the Army's systems of internal control and to express an opinion on its financial statements for fiscal year 1991. As part of that review, we reviewed internal controls at the Walla Walla District.

During our review, we observed an internal control weakness in the area of safeguarding computer equipment. We are bringing this matter to your attention so you can assure that corrective action is taken. As appropriate, we will bring other matters to your attention at the conclusion of the review.

STORAGE AREA FOR COMPUTER
EQUIPMENT NOT SAFEGUARDED

The district's Information Management Office (IMO) used an unsecured hallway as the receiving area for computer equipment. Corps regulations (ER 700-1-1, Chapter 3) require that all property held in a receiving area be secured to prevent loss or damage. However, the hallway which was used for receiving the computer equipment had an unsecured door which remained unlocked during the day and led directly to a parking lot. While the district's Logistics Management Office has a secured receiving area, we observed that it is not large enough to store IMO's computer equipment, nor is it located near the IMO.

The IMO stores the computer equipment in the hallway, which is adjacent to its work area, pending assembly and completion of diagnostic checks. Once all the components are assembled and tested, IMO distributes the equipment. During our review, we observed boxes stacked along the wall containing computer monitors, disk drives, computer systems, software,

and other computer related equipment. District staff told us that they have stored up to \$400,000 of equipment in the hallway at one time.

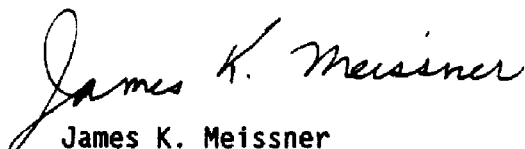
The risk of losing or sustaining damage to Corps property increases when IMO stores computer equipment in the unsecured hallway. Pending construction of a new secure facility, we suggest that the District take steps to provide the IMO with a secure area which it can use to store computer equipment awaiting assembly and testing.

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We discussed this issue with your Deputy Commander and staff at the district. We would appreciate receiving your comments on this issue within 30 days. We are also sending a copy of this letter to Major General Ernest Harrell, Commander, North Pacific Division. If you would like to discuss this matter, please contact Linda Bade of my staff at (503) 235-8500.

We would like to thank you and your staff for the courtesy and cooperation extended to our audit team.

Sincerely yours,



James K. Meissner
Manager, Seattle Regional Office

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