



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

Accounting and Financial
Management Division

B-248717

August 20, 1992



147422

Major General Joseph Raffiani, Jr.
Commanding General
U.S. Army Tank-Automotive Command
Warren, MI 48399-5000

Dear General Raffiani:

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 \$876.3 million of adjustments made to the financial statements that also need to be recorded to correct the accounting records at the U.S. Army Tank-Automotive Command. 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

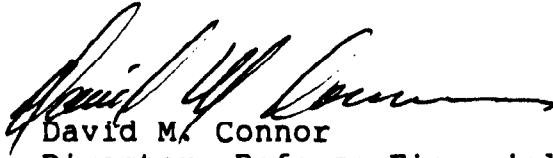
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of this letter. We are sending copies of this letter to the Assistant Secretary of the Army for Financial Management; the Director, Defense Finance and Accounting Service; and the Comptroller of the Army.

Sincerely yours,



David M. Connor
Director, Defense Financial Audits

Enclosure

TANK-AUTOMOTIVE COMMAND, MICHIGAN
LIST OF PROPOSED GENERAL LEDGER
ADJUSTMENTS RESULTING FROM 1991
FINANCIAL STATEMENT AUDIT

| NO. | ACCOUNT TO BE ADJUSTED | GLAC | AMOUNTS | | EXPLANATION |
|-------------------|---|----------------------|------------------------------|----------------|---|
| | | | DEBIT | CREDIT | |
| 1 | Equipment w/ contractors Invested capital | 1763 3200 | 128,059,830.00 | 128,059,830.00 | To record equipment in the hands of contractors. |
| 2 | Inventories-GFM Invested capital | 1544 3200 | 155,269,380.00 | 155,269,380.00 | To record government material in the hands of contractors. |
| 3 | Inventories-GFM Invested capital | 1544 3200 | 30,399,586.00 | 30,399,586.00 | To record contractor acquired material in the hands of contractors. |
| 4 | Land Other structures & fac. Invested capital | 1710 1740 3200 | 428,496.00 132,106,606.00 | 132,535,102.00 | To record land and other structures in the contractors' possession. |
| 5 | Other assets Invested capital | 1990 3200 | 425,989,873.00 | 425,989,873.00 | To record military-peculiar property in the hands of contractors. |
| 6 | Inventory for agcy ops Invested capital | 1510 3200 | 4,049,869.00 | 4,049,869.00 | To record Army Materiel Command retail stock fund inventory. |
| TOTAL ADJUSTMENTS | | | 876,303,640.00 | 876,303,640.00 | |