



089488

UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE  
8112 FEDERAL OFFICE BUILDING  
FIFTH AND MAIN STREETS  
CINCINNATI, OHIO 45202

Division Engineer  
Ohio River Division  
U. S. Army Corps of Engineers  
P. O. Box 1159  
550 Main Street  
Cincinnati, Ohio 45201

DEC 15 1972

Dear Sir

We have made a review for the settlement of accounts of the accountable officer at the Finance and Accounting Center, Ohio River Division, Corps of Engineers (Civil Functions), through November 10, 1972. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53) and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Each agency has the statutory responsibility for establishing and maintaining adequate systems of accounting and internal control to assure the legality, propriety, and correctness of disbursements and collections of public funds. Accordingly, we placed major emphasis on the adequacy and effectiveness of the accounting and internal controls and made such tests of transactions as we considered appropriate. We also reviewed selected fiscal year 1972 reports and workpapers of the resident audit staffs. We did not review program activities.

Although we found that the procedures and controls were generally satisfactory, certain weaknesses described below were discussed with members of your staff and corrective action was taken or promised.

1. The following weaknesses in procedures and controls existed in the operation of the Automatic Data Processing Center
  - a. There were no operating manuals for some activities and some manuals had not been updated since 1967. The availability of current and complete operating manuals is important since these documents are valuable tools to facilitate communication among employees, assist in

~~912838~~ 089488

the training of new personnel, and prevent the introduction or development of procedures which deviate from those that have been established

- b. Standardized operator and run procedures were not written for some computer programs. Without such written procedures operators are forced to rely on their experience and memory when performing the various operations required in processing individual computer runs. These operations include tasks such as identifying input and output forms and carrying out detailed set up and end of run procedures.
  - c. There was no independent control group for monitoring and controlling input and output data. As a result, there was a lack of adequate control over the receipt of input data, the recording and reconciling of control information, and the reporting, correcting, and processing of errors.
  - d. The tape and disc library is in an open room which is available for use by anyone at any time. Access should be restricted to only authorized personnel to prevent the introduction of unauthorized changes into the computer programs or historical records.
  - e. While certain backup, such as backup tapes and cards, certain data in District files, and some hardware, had been provided for some losses of data or a short term breakdown in the computer, adequate backup was not provided in the event of a complete loss or a long term breakdown.
2. Local procedures had not been established to follow-up on outstanding receivables and some were over 6 months old. Timely collection action with effective follow-up is needed to properly control these accounts.
  3. Some purchase discounts were being lost because of delays in processing the documents required for payment. Much of the delay was caused by the processing time taken by the District Supply Offices in reviewing the Purchase Order-Invoice-Voucher (SF 44) prior to payment.

4. The resident audit staff at the Huntington District did not show in their workpapers the basis for selecting items which were physically inventoried at various locations during fiscal year 1972. This information would be of help in evaluating the adequacy of the work performed.

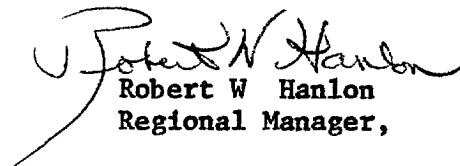
- - - - -

In accordance with 8 GAO 13 the records may be stored pursuant to your agency's records management program.

A copy of this report is being sent to the Chief of Engineers (Engineer Comptroller) and to the U. S. Army Audit Agency, East Central District.

We wish to acknowledge the cooperation given our representatives during the review. Your comments and advice as to the actions taken on the matters discussed above will be appreciated.

Very truly yours,

  
Robert W Hanlon  
Regional Manager,