

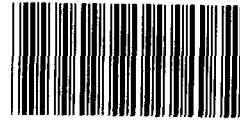
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United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

B-251321



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November 12, 1992

Mr. Neil R. Ginnetti
Acting Assistant Secretary of the Army
(Financial Management)

Dear Mr. Ginnetti:

The Chief Financial Officers Act of 1990 requires the Department of the Army to prepare financial statements for fiscal year 1992 and, as authorized by the Act, the General Accounting Office is performing an audit of the statements. As part of this audit, we have requested records which list and summarize individual disbursement transactions that accumulate in various general ledger balances and are reported in the Status of Approved Resources reports for the Missile Command and the Tank-Automotive Command.

Army Materiel Command (AMC) officials have told us that these records are initially created in a machine readable format. However, according to these officials, these machine readable records are destroyed at least monthly with no archive copy (hard copy or machine readable) being retained.

The Army's Records Disposition Standards (AR 25-400-2, Appendix B) prescribe the periods of time that the Army must retain its various records before destroying or otherwise disposing of them. We have found nothing in the standards authorizing AMC to destroy these records each month. The National Archives and Records Administration Act of 1984 (44 U.S.C. 3314) and its implementing regulations (36 C.F.R. Part 1228) prohibit federal agencies from destroying records in a manner inconsistent with the governmentwide General Records Schedules or approved agency records disposition programs.

Without these records, we believe it would be virtually impossible to verify whether the individual budgetary and general ledger transactions are recorded in accordance with

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applicable legal and agency management requirements. Accordingly, unless archived copies of these records are made available to us, it will probably be necessary for our report on the 1992 audit to disclose that AMC's budgetary and general ledger balances are not verifiable and discuss the reasons for this condition.

We request your assistance in confirming whether these records are in fact being destroyed--or, if the records do exist, in identifying and locating them for use in our audit. Further, if these records are being destroyed each month, we request that you provide us with the rationale for their destruction and a description of procedures performed by Army managers which assure them that transactions are properly recorded in the accounting and budgetary systems. In addition, we suggest that you advise the appropriate AMC officials that such destruction is not authorized by the Army's Records Disposition Standards and that the machine readable records should be retained in accordance with applicable records retention and disposition schedules.

If you have questions regarding this matter, please contact me at (202) 275-7095 or Lisa Jacobson, Senior Assistant Director, at (703) 695-7111.

Sincerely yours,



David M. Connor
Director, Defense Financial Audits