



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CERM-F (37)

26 AUG 2004

MEMORANDUM FOR Commanders/Directors, All Major Subordinate Commands,
Field Operating Activities and Engineer Research Development Centers

SUBJECT: Monthly Chief Financial Officers (CFO) Reporting for FY 04

1. We are continuing our extensive Command-wide efforts to comply with the requirements of the CFO Act of 1990 and work toward a clean audit opinion. In FY 2003, DODIG issued a disclaimer of opinion on the Civil Works Financial Statements. The major issues were in the areas of Construction in Progress, Real Property, Land and Systems Security. DODIG has issued draft reports in all areas describing the issues needed to be resolved before we can move closer to our goal of a clean audit opinion. CERM has updated the CFO information papers to reflect all current DODIG issues, and these have all been issued. Our major problem continues to be our lack of supporting documentation for older property items. We have reached an agreement with DODIG, which will reduce the audit criteria considerably and resolve this long standing supporting documentation issue. The USACE/DODIG agreement was documented in a Memorandum of Agreement (MOA) signed June 9, 2004.
2. Our current plan (agreed to by DODIG) is to continue Balance Sheet corrective actions described in the updated information papers. Office of the Secretary of Defense (Comptroller) (OSD(C)) has directed we complete these actions by October 31, 2004. Upon completion, DODIG will perform a review of our corrective actions and if satisfactory we intend to move into a FY 2005 audit and potential audit opinion.
3. I cannot stress enough the importance of meeting the October 31, 2004 deadline as this audit is receiving scrutiny from the highest levels of the Government and failure could have significant consequences. The majority of these issues are not new and our Districts have been working them for a couple of years. Several Districts have cited resources as a constraint. Therefore, I am requesting regional visibility to ensure full use of your regional resources. It is imperative you make any potential showstoppers known to CERM-F so we can ensure you get the required support necessary. Lack of resources cannot be a reason for failure.
4. Reporting Requirements:
 - a. CFO self-assessments should be done on a monthly basis and are due no later

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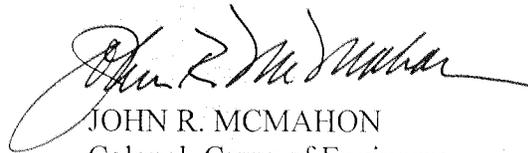
than 5 working days following the end of the reporting period. Send all completed templates to Edsel Fraley (Edsel.B.Fraley@hq02.usace.army.mil) and William L. Holtzman (William.L.Holtzman@hq02.usace.army.mil) in CERM-F.

b. CERM has issued updates to the Construction In Progress (CIP), and Buildings and Other Structures info papers and issued a new Land information paper in June 2004. We now have all DODIG findings included in the info paper guidance. Info papers are available at <http://www.usace.army.mil/inet/functions/rm/cfo/cfo.htm>. Each paper has a section that provides rating criteria. All selected areas require Internal Review Offices to validate a green rating.

c. To ensure we keep on target with the October 31, 2004 deadline, "red" Districts must provide detailed updates of their corrective action plans, scope of remaining work to be completed and final completion date in their monthly submissions. HQUSACE audit committee will closely monitor all corrective actions and progress will be briefed monthly.

5. Thank you again for all the hard work that has been done and your continued support. If you have any questions, please direct them to William L. Holtzman, CERM-F, (202) 761-1938.

FOR THE COMMANDER:



JOHN R. MCMAHON
Colonel, Corps of Engineers
Chief of Staff