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**Government Sets Forth New Audit Guidelines for Federal Financial Statements
*Move Helps Align Public with Private Sector Auditing Standards***

Washington — Today, OMB provided new procedural guidelines to enhance and update the minimum requirements for audits of Federal financial statements.

Drafted in coordination with the Inspector General community, the changes in the bulletin apply to audits of financial statements of all executive departments, agencies, and government corporations and are effective immediately.

The most significant adjustments in the report were changes to expand the definition of “material weakness” and “significant deficiency,” aligning the definitions more closely to private sector designations. The revised definitions in the bulletin are consistent with the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 2 and the recently issued Statement on Auditing Standards 112, which are used for audits of companies in the private sector.

In releasing the new Federal auditing standards, OMB Deputy Director for Management, Clay Johnson, said, “American taxpayers deserve a government that is both responsive and accountable. The new Federal auditing guidelines reinforce the importance of proper accounting and reporting practices to ensure that we properly reduce wasteful spending in government and take care of the taxpayers’ money.”

OMB provides these requirements to implement the audit provisions of several key pieces of legislation, such as the Chief Financial Officers (CFO) Act of 1990, the Government Management Reform Act (GMRA) of 1994, and the Federal Financial Management Improvement Act (FFMIA) of 1996. The periodic review of the auditing guidelines is important in ensuring the integrity and transparency of agencies’ financial data and internal controls so that taxpayer resources are protected from waste, fraud, and mismanagement.

To view the bulletin, visit: <http://www.whitehouse.gov/omb/financial/index.html>

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