

GAO

Accounting and Information
Management Division

January 1997

**Civil Financial Audits
Issue Area**

Active Assignments

067969/158052

Foreword

This report was prepared primarily to inform Congressional members and key staff of ongoing assignments in the General Accounting Office's Civil Financial Audits issue area. This report contains assignments that were ongoing as of January 2, 1997, and presents a brief background statement and a list of key questions to be answered on each assignment. The report will be issued quarterly.

This report was compiled from information available in GAO's internal management information systems. Because the information was downloaded from computerized data bases intended for internal use, some information may appear in abbreviated form.

If you have questions or would like additional information about assignments listed, please contact Gregory Holloway, Director, on (202) 512-3406; or Linda Calbom, Director, on (202) 512-8341; or Robert Dacey, Associate Director, on (202) 512-3317; or William Hunt, Associate Director, on (202) 512-2711.

Contents

	Page
FINANCIAL AUDITS	
• FINANCIAL AUDIT OF THE INTERNAL REVENUE SERVICE FOR FISCAL YEAR 1996.	1
• REVIEW OF OMB CREDIT SUBSIDY MODEL.	1
FINANCIAL CONDITION--GGD & GOV'TWIDE	
<i>New</i> • GOAL SETTING AND PERFORMANCE MEASUREMENT FOR FEDERAL CREDIT PROGRAMS.	1
<i>New</i> • FY'96 HIGHWAY FUND FINANCIAL AUDIT.	2
<i>New</i> • TESTIMONY-IRS' PROGRESS IN IMPLEMENTING THE GOVERNMENT PERFORMANCE AND RESULTS ACT.	2
<i>New</i> • CONSOLIDATED FINANCIAL STATEMENT AUDIT OF CASH LINE ITEM - FY 1996.	2
<i>New</i> • RECONCILIATION OF AGENCIES' FUND BALANCES WITH TREASURY.	3
<i>New</i> • OTHER MONETARY ASSETS.	3
<i>New</i> • FMS' ABILITY TO COMPILE AGENCY DATA.	3
FINANCIAL CONDITION--HEHS	
<i>New</i> • PREPARING FOR THE FY 1997 AUDIT OF EDUCATION, TRAINING, EMPLOYMENT & SOCIAL SERVICES EXPENSES.	4
<i>New</i> • HRA 1: PREPARING FOR THE FY 1997 AUDIT OF INCOME SECURITY EXPENSES.	4
<i>New</i> • PREPARING FOR THE AUDIT OF VETERANS BENEFITS AND SERVICES.	4
FINANCIAL CONDITION--RCED	
<i>New</i> • LOANS RECEIVABLE LINE ITEM FOR GOVERNMENTWIDE FINANCIAL STATEMENT AUDIT.	5
<i>New</i> • LIABILITY FOR LOAN GUARANTEES LINE ITEM FOR THE GOVERNMENTWIDE FINANCIAL STATEMENT AUDIT.	5
<i>New</i> • ENVIRONMENTAL LIABILITIES LINE ITEM FOR GOVERNMENTWIDE FINANCIAL STATEMENT AUDIT.	5
<i>New</i> • TRANSPORTATION EXPENSE FOR GOVERNMENT-WIDE EXPENSE FINANCIAL STATEMENT AUDIT.	6
<i>New</i> • ENERGY, NATURAL RESOURCES AND ENVIRONMENT, NET COSTS.	6
<i>New</i> • COMMITMENTS & CONTINGENCIES FOOTNOTE FOR GOVERNMENTWIDE FINANCIAL STATEMENT AUDIT.	6
<i>New</i> • CONSOLIDATED AUDIT OF STEWARDSHIP LAND.	7
<i>New</i> • CONSOLIDATED AUDIT OF HERITAGE ASSETS.	7
<i>New</i> • IMPROVING THE FINANCIAL INFORMATION FOREST SERVICE.	7
FINANCIAL OPERATIONS--RCED	
<i>New</i> • MONITORING OF POWER MARKETING ADMINISTRATION DEBT BALANCES AND REPAYMENT.	8
OTHER ISSUE AREA WORK - CA	
<i>New</i> • STATUS REPORT ON THE NEW D.C. SPORTS AREAN.	8
<i>New</i> • ANALYSIS OF THE DISTRICT'S BUDGET AND FINANCIAL CONDITION.	8
<i>New</i> • REVIEW OF ALASKA NATIVE TRUST FUND ACCOUNTS ADMINISTERED BY THE DEPARTMENT OF THE INTERIOR'S OFFICE OF TRUST FUNDS MANAGEMENT (OTFM).	9
<i>New</i> • RESPONSE TO THE AMERICAN PUBLIC POWER ASSOCIATION'S COMMENTS ON GAO'S RECENT REPORT ON POWER MARKETING ADMINISTRATION.	9
<i>New</i> • PREPARING FOR THE FY97 GOVERNMENTWIDE AUDIT OF ACCOUNTS PAYABLE.	9
<i>New</i> • PREPARING FOR THE FY97 CONSOLIDATED AUDIT OF HEALTH.	10

Civil Audits

FINANCIAL AUDITS

TITLE: FINANCIAL AUDIT OF THE INTERNAL REVENUE SERVICE FOR FISCAL YEAR 1996 (901702)

BACKGROUND : Under the CFO Act of 1990, IRS is required to prepare financial statements for fiscal year 1996. This is the fifth year in which GAO will perform the audit of IRS' financial statements.

KEY QUESTIONS : 1) Are the financial management and internal controls effective? 2) Are the financial statements reliable, free of misstatements, and presented in conformity with applicable accounting principles? 3) Is IRS in compliance with laws and regulations?

TITLE: REVIEW OF OMB CREDIT SUBSIDY MODEL (913751)

BACKGROUND : OMB's credit subsidy model, a complex computer software program, is used by federal agencies to calculate the subsidy rate for their credit programs, as required by the Federal Credit Reform Act of 1990. GAO believes that a one-time independent audit of the model is needed to provide accountants and auditors assurance that the model produces accurate results.

KEY QUESTIONS : Question #1: Is there reasonable assurance that OMB's credit subsidy model calculates an accurate subsidy rate? Question #2: Do adequate internal controls exist over the model's development, maintenance, and use.

FINANCIAL CONDITION--GGD & GOV'TWIDE

TITLE: GOAL SETTING AND PERFORMANCE MEASUREMENT FOR FEDERAL CREDIT PROGRAMS (901721)

BACKGROUND : The Government Performance and Results Act (GPRA) mandates a June 1, 1997 GAO Report on the Act's implementation. The Federal Credit Policy Working Group (FCPWG) has key efforts underway to develop and reach consensus on core measures for credit programs. This job code covers work performed by AIMD on a joint assignment with GGD (410058).

KEY QUESTIONS : (1) What progress have selected federal credit programs made since 1994 in developing and using mission-based performance goals and measures? (2) What challenges, if any, do these programs face in implementing such measures and what actions are needed to address those challenges?

Civil Audits

FINANCIAL CONDITION--GGD & GOV'TWIDE

TITLE: FY'96 HIGHWAY FUND FINANCIAL AUDIT (901747)

BACKGROUND : P.L. 104-21 required DC establish the highway and revolving funds, and temporarily waived DC's requirement to pay its share of FY'95 and FY'96 roadway costs. The federal govt paid DC's share and DC is required to repay the federal govt. GAO is required to annually audit the highway fund and report to Congress by on the results of the audit.

KEY QUESTIONS : What is the financial condition of the District's Highway Fund and associated revolving fund for the fiscal year ending September 30, 1996? What is the Highway Fund's expected condition and results of operation for the next 5 years?

TITLE: TESTIMONY-IRS' PROGRESS IN IMPLEMENTING THE GOVERNMENT PERFORMANCE AND RESULTS ACT (901749)

TITLE: CONSOLIDATED FINANCIAL STATEMENT AUDIT OF CASH LINE ITEM - FY 1996 (919013)

Civil Audits

FINANCIAL CONDITION--GGD & GOV'TWIDE

TITLE: RECONCILIATION OF AGENCIES' FUND BALANCES WITH TREASURY (919015)

TITLE: OTHER MONETARY ASSETS (919016)

TITLE: FMS' ABILITY TO COMPILE AGENCY DATA (919034)

Civil Audits

FINANCIAL CONDITION--HEHS

TITLE: PREPARING FOR THE FY 1997 AUDIT OF EDUCATION, TRAINING, EMPLOYMENT & SOCIAL SERVICES EXPENSES (919022)

TITLE: HRA 1: PREPARING FOR THE FY 1997 AUDIT OF INCOME SECURITY EXPENSES (919025)

TITLE: PREPARING FOR THE AUDIT OF VETERANS BENEFITS AND SERVICES (919028)

FINANCIAL CONDITION--RCED

TITLE: LOANS RECEIVABLE LINE ITEM FOR GOVERNMENTWIDE FINANCIAL STATEMENT AUDIT (919004)

BACKGROUND : The 1994 GMRA requires GAO to audit the FY97 governmentwide consolidated financial reports. Loans receivable is a material line item estimated to be about \$190 billion. USDA, ED, HUD, & SBA account for over 75 percent of this line item. We will assess FY96 ending balances to assure that FY97 opening balances are fairly stated.

KEY QUESTIONS : Determine whether (1) fiscal year 1996 governmentwide loans receivable and related allowance, interest income, and subsidy expense accounts are fairly stated; (2) internal controls relating to these accounts are operating effectively; and (3) the government is in compliance with significant provisions of laws and regulations related to these accounts.

TITLE: LIABILITY FOR LOAN GURANTEES LINE ITEM FOR THE GOVERNMENTWIDE FINANCIAL STATEMENT AUDIT (919005)

BACKGROUND : The 1994 GMRA requires GAO to audit the governmentwide consolidated financial reports beginning with FY 1997. The Liability for Loan Guarantees, a material line item, totaled about \$33B (related to \$737B in guaranteed loans) at 9/30/95. We will assess the reasonableness of the FY 96 ending balances to assure ourselves that FY 97 opening balances are fairly stated.

KEY QUESTIONS : Determine whether (1) fiscal year 1996 governmentwide Liability for Loan Guarantees and related accounts are reasonably stated; (2) internal controls relating to these accounts are operating effectively; and (3) the government is in compliance with significant provisions of laws and regulations related to these accounts.

TITLE: ENVIRONMENTAL LIABILITIES LINE ITEM FOR GOVERNMENTWIDE FINANCIAL STATEMENT AUDIT (919006)

BACKGROUND : The 1994 GMRA requires GAO to audit the FY97 governmentwide financial statements. Environmental liabilities, a material line item is estimated at more than \$300 billion. We believe that USDA, DOD, DOE, and DOI will account for most of this line item. We will assess FY96 ending balances to assure that FY97 opening balances are fairly stated.

KEY QUESTIONS : Determine whether (1) fiscal year 1996 governmentwide environmental liabilities are fairly stated; (2) internal controls relating to this line item are operating effectively; and (3) the government is in compliance with significant provisions of laws and regulations related to this line item.

FINANCIAL CONDITION--RCED

TITLE: TRANSPORTATION EXPENSE FOR GOVERNMENT-WIDE EXPENSE FINANCIAL STATEMENT AUDIT (919007)

BACKGROUND : The 1994 GMRA requires GAO to audit the FY 97 government-wide consolidated financial reports. This includes auditing DOT's expenses of \$40 billion in the transportation line item. Grants and payroll expenses account for 75% of DOT's expenses. We will assess FY 96 ending balances to determine whether FY 97 opening balances are fairly stated.

KEY QUESTIONS : Determine whether (1) fiscal year 1996 transportation expenses and related accruals are fairly stated, (2) internal controls relating to these accounts are operating effectively, and (3) the government is in compliance with significant provisions of laws and regulations related to these accounts.

TITLE: ENERGY, NATRUAL RESOURCES AND ENVIRONMENT, NET COSTS (919009)

BACKGROUND : As part of the FY97 governmentwide consolidated financial audit, GAO must envision the Energy, Natural Resources & Environment (budget line items 270 and 300) totaling about \$28 billion, net of exchange revenue of about \$14 billion. DOE, DOD, USDA, EPA, DOC, DOI, NRC, NSF, and TVA accounts make up these items.

KEY QUESTIONS : Determine whether (1) fiscal year 1996 governmentwide disbursements and receipts for Energy, Natural Resources, and Environment accounts are fairly stated; (2) internal controls relating to these accounts are operating effectively; and (3) the government is in compliance with significant provisions of laws and regulations related to these accounts.

TITLE: COMMITMENTS & CONTINGENCIES FOOTNOTE FOR GOVERNMENTWIDE FINANCIAL STATEMENT AUDIT (919010)

BACKGROUND : The 1994 GMRA requires GAO to audit the governmentwide consolidated financial statements beginning with FY97. Commitments and contingencies, a footnote item, totals almost \$6 trillion. The financial activities of 14 agencies account for 97% of this line item. We will assess FY96 ending balances to gain a basis of reliance for our audit of the FY97 balances.

KEY QUESTIONS : Determine whether (1) fiscal year 1996 governmentwide commitments and contingencies are fairly stated; (2) internal controls relating to commitment and contingencies are operating effectively; and (3) the government is in compliance with significant provisions of laws and regulations related to commitment and contingencies.

Civil Audits

FINANCIAL CONDITION--RCED

TITLE: CONSOLIDATED AUDIT OF STEWARDSHIP LAND (919011)

BACKGROUND : The Federal Accounting Standards Advisory Board has developed new federal accounting standards which require financial statement and stewardship reporting for stewardship land. Stewardship land includes 650 M acres of public domain land administered by Interior and Agriculture.

KEY QUESTIONS : (1) What plans and processes have agencies established for determining and reporting land values, acreage, and condition? (2) Are plans and processes adequate to ensure reliable financial reporting in governmentwide financial statements and stewardship reports?

TITLE: CONSOLIDATED AUDIT OF HERITAGE ASSETS (919012)

BACKGROUND : The Federal Accounting Standards Advisory Board has developed new federal accounting standards which require financial statement and stewardship reporting for heritage assets. Heritage assets include buildings, monuments and other structures with historical significance; cultural, educational, or esthetic value; and significant architectural characteristics.

KEY QUESTIONS : (1) What plans and processes have agencies established for identifying, reporting, and safeguarding heritage assets? (2) Are plans and processes adequate to ensure reliable financial reporting in governmentwide financial statements and stewardship reports?

TITLE: IMPROVING THE FINANCIAL INFORMATION FOREST SERVICE (919042)

BACKGROUND : USDA's IG concluded that the Forest Service's 95 financial statements were unreliable. There has been much Congressional interest in resolving FS financial reporting problems. FS does not plan to prepare F/S for FY 96, but rather will focus its efforts on correcting problems identified in the 95 audit. To prepare for our 97 audit, we will closely monitor and assess these efforts.

KEY QUESTIONS : (1) What are USDA's plans to resolve the FS's financial reporting shortcomings and the timeframes for accomplishing the work? (2) What impact will this work have on the preparation, issuance, and audit of USDA FY 96 and FY 97 consolidated financial statements?

Civil Audits

FINANCIAL OPERATIONS--RCED

TITLE: MONITORING OF POWER MARKETING ADMINISTRATION DEBT BALANCES AND REPAYMENT (913801)

OTHER ISSUE AREA WORK - CA

TITLE: STATUS REPORT ON THE NEW D.C. SPORTS AREAN (901723)

BACKGROUND : GAO has been requested to monitor the costs, financing and the timeframes for the completion of the new D.C. Sports Arena.

KEY QUESTIONS : Key questions for the sports arena project are: (1) What are the predevelopment costs? (2) How are the costs financed? and (3) What revenues are generated from the Arena Tax?

TITLE: ANALYSIS OF THE DISTRICT'S BUDGET AND FINANCIAL CONDITION (901748)

Civil Audits

OTHER ISSUE AREA WORK - CA

TITLE: REVIEW OF ALASKA NATIVE TRUST FUND ACCOUNTS ADMINISTERED BY THE DEPARTMENT OF THE INTERIOR'S OFFICE OF TRUST FUNDS MANAGEMENT (OTFM) (913779)

BACKGROUND : At the Committee's request, we have testified in the past on Interior's efforts to reconcile Indian trust fund accounts and its efforts to correct Indian trust fund management problems. The Committee's current request asks that we provide information on seven specific aspects of Alaska Native trust fund accounts.

KEY QUESTIONS : For Alaska Native accounts: (1) How many OTFM employees formerly worked on trust accounting in other DOI offices? (2) How many accounts are not reported on to owners? (3) How many tribal accounts were not part of the reconciliation? (4) How many IIMs are there? (5) How many IIMs have no mailing address? (6) What are IIM revenue sources? (7) What is the profile of IIM balances?

TITLE: RESPONSE TO THE AMERICAN PUBLIC POWER ASSOCIATION'S COMMENTS ON GAO'S RECENT REPORT ON POWER MARKETING ADMINISTRATION (913803)

BACKGROUND : GAO recently issued a report on the cost recovery practices, financing, and comparison to nonfederal utilities of three PMAs. The Staff Director of the Subcommittee on Water and Power Resources asked GAO to provide a written response to comments on our report that the Subcommittee and other Congressional members received from the American Public Power Association (APPA).

KEY QUESTIONS : 1) What are GAO's views on APPA's comments on the GAO's recent report on Power Marketing Administrations (PMAs) (GAO/AIMD-96-145, September 19, 1996)?

TITLE: PREPARING FOR THE FY97 GOVERNMENTWIDE AUDIT OF ACCOUNTS PAYABLE (919021)

Civil Audits

OTHER ISSUE AREA WORK - CA

TITLE: PREPARING FOR THE FY97 CONSOLIDATED AUDIT OF HEALTH (919023)

