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Accounting and Information
Management Division

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**Civil Financial Audits
Issue Area**

Active Assignments

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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 April 15, 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.

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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?

HIGH RISK-CIVIL

TITLE: HRA 15:REVIEW OF CUSTOMS'SERVICE FINANCIAL OPERATIONS (901750)

BACKGROUND : The Customs Service is responsible for collecting about \$20 billion in federal revenues. In 1992, GAO pointed out weaknesses in Customs' management and organizational structure that, among other things, diminished Customs' ability to collect duties, taxes, fees, and penalties; control financial resources; and report on financial operations.

KEY QUESTIONS : 1) What actions, if any, has Customs taken to correct its financial management and internal control system weaknesses?

TITLE: COORDINATION OF GOVERNMENTWIDE CONSOLIDATED FINANCIAL STATEMENT AUDIT (919001)

BACKGROUND : The 24 major exec branch agencies are required to prepare agencywide financial statements (F/S) for FY 96. GAO is required to audit & issue an opinion on the gov'twide consolidated F/S (CFS) for FY 97. This code is for the overall coordination & gov'twide consolidation efforts during fiscal year 1997.

KEY QUESTIONS : 1) What should be the form & content and related footnote disclosures of the gov'twide F/S, 2) what type of information should be included in supplementary info to the F/S, 3) how will eliminations of intergovernmental transactions be audited, 4) how will Treasury compile the consolidated financial statements & what agencies will be consolidated.

FINANCIAL CONDITION--GGD & GOV'TWIDE

TITLE: FINANCIAL STATEMENT AUDIT OF THE PUBLIC DEBT (919002)

BACKGROUND : The Bureau of Public Debt is responsible for managing and reporting essentially all of the federal debt and related unamortized discount, interest payable, and interest expense. Federal debt securities will likely be the largest single item on the consolidated governmentwide financial statements and has never been subject to a financial audit.

KEY QUESTIONS : 1)Is BPD accurately accounting for principal and interest on securities? 2)Are the BPD's and FRB's oversight and controls adequate to ensure that securities are effectively accounted for and properly disclosed and that the government's interests are sufficiently protected? 3)Are securities maintained in accordance with applicable laws and regs?

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

BACKGROUND : GMRA requires GAO to audit the governmentwide consolidated financial statements for FY 97. Treasury's Financial Management Service (FMS) compiles the statements and in addition, FMS, with the Federal Reserve, functions as the central bank for the federal government. *NOTE: \$500,000 contract cost already allocated.

KEY QUESTIONS : 1) Are the 9/30/96 cash balances reliable in all material respects? (a) What are Treasury's processes and key internal controls, including FDP, over disbursements and collections and what are the risks?

TITLE: EVALUATE FMS' EFFORTS TO MANAGE THE FEDERAL GOVERNMENT'S CASH (919014)

BACKGROUND : GMRA requires GAO to audit the governmentwide consolidated financial statements for FY 97. Treasury and FMS are responsible for managing the federal government's banking relationships and cash position, including ensuring that the mandated debt ceiling is not exceeded. FMS uses non-interest bearing time deposits to compensate banks for services provided.

KEY QUESTIONS : 1)Does the cash mgt. process ensure that cash is adequately safeguarded and that the fed'l gov't can meet its obligations without exceeding the mandated debt ceiling? 2)What is the nature, purpose and use of compensating balances, and are the balances and related revenues and expenses properly identified, accounted for, safeguarded and reported?

FINANCIAL CONDITION--GGD & GOV'TWIDE

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

BACKGROUND : GMRA requires GAO to audit the governmentwide consolidated financial statements (CFS) for FY 97. A key internal control over receipts and disbursements processed by Treasury's Financial Management Service (FMS), for federal agencies, is the monthly reconciliation between FMS and agency records. Prior AIMD & OIG work shows serious problems in how this key control is working.

KEY QUESTIONS : (1) Is FMS' reconciliation process effective in ensuring that receipts and disbursements are properly reported? (2) Are agencies properly and timely reconciling differences and, if not, what is the effect on agency statements, CFS, and the budget? (3) What initiatives have been taken to clear outstanding differences and improve the reconciliation process?

TITLE: OTHER MONETARY ASSETS (919016)

BACKGROUND : As part of the governmentwide financial statement audit, we will audit other monetary assets, including gold, special drawing rights (SDRs), US reserve position in the IMF, and foreign currencies. Treasury's OIG audits gold in custody of the Mint, and SDRs and foreign currencies in their audit of the ESF. Gold at FRBNY and the US reserve position have never been audited.

KEY QUESTIONS : 1) What is the nature, purpose, and use of other monetary assets? 2) Are other monetary assets properly identified, accounted for, safeguarded, and reported?

TITLE: FY 97 GOVERNMENT-WIDE CONSOLIDATION FINANCIAL STATEMENT AUDIT - ADMINISTRATION OF JUSTICE (919019)

BACKGROUND : In connection with GAO's FY 97 government-wide consolidated audit, we will be reviewing the audit work performed by the Justice and Treasury OIGs and their IPAs in the law enforcement area. The material line items include the Admin of Justice on the Stmt of Net Costs and seized and forfeited property included in the inventory line item on the Stmt of Financial Position.

KEY QUESTIONS : (1) Are the law enforcement related line items--Administration of Justice and seized and forfeited property--in the CFS reliable in all material respects, are related laws and regulations being complied with, and are internal controls operating effectively? (2) Can DOJ effectively consolidate and report departmentwide financial data from each bureau?

FINANCIAL CONDITION--GGD & GOV'TWIDE

TITLE: PREPARING FOR THE FY 1997 CONSOLIDATED AUDIT OF SOCIAL SECURITY BENEFIT COSTS (919026)

BACKGROUND : GMRA requires GAO to audit the governmentwide f/s. SSA's Social Security (Title II) expenditures are among the most significant (22% of FY95 federal expenditures). Our review of the OIG's FY95 audit (913736) resulted in suggestions to enhance the OIG's future audit work. To utilize the OIG's work in our FY97 audit, we will ensure that these enhancements are made.

KEY QUESTIONS : What enhancements did the OIG make in the FY96 audit procedures? Are there any other significant audit issues that may impact on GAO's FY97 audit? To what extent will the OIG address GAO suggestions? What additional resources does the OIG need to implement all other GAO suggestions for the FY97 audit? What additional resources does GAO need to provide on the FY97 audit?

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

BACKGROUND : Treasury's Financial Management Service (FMS) is responsible for compiling the governmentwide consolidated financial statements. FMS uses the Federal Agencies Centralized Trial Balance System (FACTS) and the U.S. Government's Standard General Ledger to collect data from the agencies in a uniform format.

KEY QUESTIONS : 1) Has FMS developed systems, controls, and processes to compile governmentwide consolidated financial statements (CFS) that are complete and accurately reflect the government's financial condition and cost of operations?

TITLE: REVIEW OF THE ELIMINATION OF INTRAGOVERNMENTAL TRANSACTIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS (919049)

BACKGROUND : GAO is required to audit & issue an opinion on the gov'twide consolidated financial statements (CFS) for FY 97. The effects of intragov'tal transactions must be eliminated to ensure that the federal gov't is portrayed as a single economic unit. During FY 95, Treasury-FMS reported a net out of balance condition for elimination entries of approx. \$230 billion.

KEY QUESTIONS : 1) What are the agencies' policies & procedures to account for & report intragov'tal transactions & what are the auditors' procedures for ensuring that these transactions are properly eliminated? 2) How does FMS's OPAC system operate & what are agencies' processes & procedures for using OPAC? 3) How do these processes & procedures affect the accuracy of the CFS & our audit?

Civil Audits

FINANCIAL CONDITION--GGD & GOV'TWIDE

TITLE: 013 - FEDERAL EMPLOYEES PENSIONS AND OTHER BENEFITS LINE ITEM (919051)

BACKGROUND : The Federal Employee Pensions and Other Benefits line item is mostly comprised of amounts reported by the Office of Personnel Management (OPM), Dept. of Defense (DOD), Veterans' Administration (VA), and Dept. of Labor (DOL). These amounts are for pensions, health benefits, life insurance, and workmen's compensation programs. DOD is being audited under a different job code.

KEY QUESTIONS : (1) Are the OPM, VA, and DOL OIGs/IPAs performing adequate audit procedures for FY 1996? (2) Are the CFOs' plans adequate to ensure compliance with FASAB standards and OMB guidance? (3) Are there any deficiencies in the plans?

FINANCIAL OPERATIONS--GGD & GOV'TWIDE

TITLE: HRA 1:STATUS ON THE NEW WASHINGTON CONVENTION CENTER DEVELOPMENT (901752)

BACKGROUND : GAO recently provided the subcommittee a report on the District's proposed convention center project. WCCA has taken steps to develop revised estimates for the predevelopment and construction costs. However, plans for the project are still in the early stages and thus, the costs are still subject to change. GAO will provide a semi-annual update report on this project.

KEY QUESTIONS : (1) What are the construction and predevelopment costs and how do they compare to the budgets? (2) How will the construction costs be financed? (3) How much revenues is generated from dedicated taxes earmarked for this project? (4) Are there clear lines of authority in the management structure of the staff? (5) How much and what progress has been made on the project?

TITLE: CONSOLIDATED FEDERAL FINANCIAL MANAGEMENT SYSTEMS SURVEY - REPORT (901754)

BACKGROUND : Senator Stevens requested GAO to investigate Australia's centralized financial management system to determine its applicability to the United States. We performed our work under job code 901714, which was closed 12/13/96 with a briefing to Senate staff. GAO's written product will be issued under this new job code.

KEY QUESTIONS : 1) Who in Australia made the decision to move to a government-wide system? 2) Did the Australian agencies resist adopting the consolidated system? 3) How long did it take, how much did it cost, and what key lessons should be applied if the U.S. federal government were to adopt a consolidated system?

FINANCIAL OPERATIONS--GGD & GOV'TWIDE

TITLE: REVIEW OF THE FY 1995 AND 1996 DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY'S FINANCIAL STATEMENTS (901756)

BACKGROUND : P.L. 104-8 established the District of Columbia Financial Responsibility and Management Assistance Authority (the "Authority") on April 17, 1995. As an entity of the District, the Authority prepared and issued its first audited financial statements for the period 4/17/95 through 9/30/95 and recently issued its FY 1996 statements.

KEY QUESTIONS : Based on the Authority's role and responsibilities with respect to improving the financial operations of the District of Columbia, the Congress requested that GAO review the Authority's fiscal years 1995 and 1996 financial statements to ensure that they are complete and adhere to generally accepted accounting principles.

FINANCIAL CONDITION--HEHS

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

BACKGROUND : The Government Management Reform Act requires GAO to audit governmentwide financial statements beginning with fiscal year 1997. Education, Training, Employment and Social Services expenses is a material line item at about \$54 billion. Education and HHS account for 81% of this line item.

KEY QUESTIONS : In order to plan for the FY 1997 audit, we need to assess whether adequate audit procedures are being performed to (1) audit governmentwide Education, Training, Employment and Social Services expenses; (2) evaluate internal controls; and (3) test compliance with laws and regulations.

TITLE: PREPARING FOR THE FY 1997 GOVERNMENTWIDE AUDIT OF MEDICARE (919024)

BACKGROUND : The Gov't Management Reform Act requires GAO to audit the governmentwide financial statements for FY 1997. As part of our audit, GAO will have a significant audit focus on 4 agencies, including HHS. HCFA, an operating division of HHS, has over \$190 billion in Medicare expenditures which are highly vulnerable to fraud and continue to be included in GAO's High Risk Series.

KEY QUESTIONS : In order to plan for the FY 1997 audit, we need to assess whether adequate audit procedures are being performed to (1) audit government-wide Medicare expenditures and the financial status of the Medicare trust funds; (2) evaluate internal controls; and (3) test compliance with significant provisions of laws and regulations related to Medicare expenditures.

FINANCIAL CONDITION--HEHS

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

BACKGROUND : The 1994 GMRA requires GAO to audit the FY 1997 governmentwide consolidated financial statements. Income Security expenses, a material line item of about \$220 billion will be the responsibility of CA/HEHS. HHS, HUD, DOL, OPM, SSA, USDA, DOD, and IRS account for 98% of this line item.

KEY QUESTIONS : In order to plan for the FY 1997 audit, we need to assess whether adequate audit procedures are being performed to (1) audit govt. wide inc. sec. benefit payments; (2) evaluate internal controls; and (3) test compliance with significant provisions of laws and regulations related to inc. sec.

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

BACKGROUND : In preparation for the audit of the FY-97 governmentwide financial statements, we will review the Dept. of Veterans Affairs (VA) OIG's audit of veterans benefits and services. This \$39 B line item primarily consists of compensation, pension, education, vocational rehabilitation, & burial benefits (\$19 B), and medical services (\$16B).

KEY QUESTIONS : Determine whether the VA-OIG's audit procedures are adequate enough to assure that the 1) FY-96 veterans benefits and services expenses are fairly stated; 2) internal controls relating to these expenses are effectively designed and operating as intended; and 3) VA is in compliance with significant provisions of law and regulations related to this line item.

FINANCIAL CONDITION--RCED

TITLE: REVIEW OF THE FEDERAL GOVERNMENT'S FINANCIAL EXPOSURE AND SUBSIDIES RELATED TO ELECTRIC UTILITY ACTIVITIES (913805)

BACKGROUND : GAO previously reported on unrecovered power costs and net financing costs at 3 of DOE's PMAs (AIMD-96-145). Congress wants to know (1) if costs remain unrecovered at the 3 PMAs and exist at BPA, TVA, and RUS at 9/30/96, and (2) the Government's financial involvement/risk of future losses from power-related activities of these entities.

KEY QUESTIONS : (1) Do the unrecovered power costs, and net financing costs, still exist at the 3 PMAs? (2) Do similar unrecovered power costs, and net financing costs, exist at BPA, TVA and RUS? (3) What is the short-and-long-term risk of the government incurring future financial losses due to its involvement in the power-related activities of the 3 PMAs, BPA, TVA, and RUS?

FINANCIAL CONDITION--RCED

TITLE: THE IMPACT OF THE SALE OR RESTRUCTURING OF BONNEVILLE ON BPA'S AND THE FEDERAL GOVERNMENT'S RESPONSIBILITIES FOR BPA'S WPPSS DEBT (913806)

BACKGROUND : Bonneville Power Admin (BPA) owes approx \$7 billion under agreements with Washington Public Power Supply System (WPPSS). WPPSS uses the agreements to market bonds; the marketplace views this as guaranteed by the fed govt. The Water & Power Resources Subcom. (House Comm. on Res) wants us to review the effect of a sale or restructure of BPA on responsibility for WPPSS debt.

KEY QUESTIONS : 1. If BPA is sold, what would be the fed govt's responsibility to WPPSS, under the terms of the project agreements, for the \$7 bill that BPA owes WPPSS? 2. If BPA were restructured into 2 govt corps: a) which corp, if either, would inherit BPA's responsibilities to WPPSS under the proj agreements, & b) would such restructuring expose the fed govt to financial liability?

TITLE: HIGHLIGHTS OF ERNST & YOUNG REORT ON OMB'S CREDIT SUBSIDY MODEL (913810)

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.

FINANCIAL CONDITION--RCED

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.

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. Civil Audits - RCED is responsible for 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.

FINANCIAL CONDITION--RCED

TITLE: ENERGY, NATURAL 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.

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) Are land values, acreage, and condition fairly stated in governmentwide financial statements? (2) Have agencies established adequate processes for identifying, reporting, and safeguarding stewardship land? (3) Is the government in compliance provisions of laws and regulations that have a material impact on the financial statements?

FINANCIAL CONDITION--RCED

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) Are costs and stewardship information on heritage assets fairly stated in government-wide financial statements? (2) Have agencies established adequate processes for identifying, reporting, and safeguarding heritage assets? (3) Is the government in compliance with significant provisions of laws and regulations that have a material effect on the financial statements?

TITLE: CONSOLIDATED AUDIT OF NON-EXCHANGE REVENUES (919033)

BACKGROUND : GMRA requires GAO to audit the governmentwide financial statements beginning with FY 97. Non-exchange revenues, excluding federal income tax, are material and totaled about \$37B for FY 95--Unemployment tax, \$27B; spectrum sales, \$7.6B; and royalties \$2.4B. We will assess the reasonableness of FY 96 balances as a basis to assess scope and timing of the FY 1997 audit.

KEY QUESTIONS : Low Risk: Determine whether (1) non-exchange revenues, excluding federal income tax, are fairly stated in the FY 1996 agency financial statements, (2) related internal controls are operating effectively, (3) the government is in compliance with significant provisions of laws and regulations related to non-exchange revenues.

TITLE: IMPROVING THE FINANCIAL INFORMATION FOREST SERVICE (919042)

BACKGROUND : USDA's IG concluded that the Forest Service's 95 fin statements were unreliable. There has been much Congressional interest in resolving FS fin 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 role will the IG, CFO, and Forest Service play in resolving the problems? (3) What impact will this work have on the preparation, issuance, and audit of USDA FY 96 and FY 97 consolidated financial statements?

FINANCIAL CONDITION--RCED

TITLE: REVIEW OF GOVERNMENTWIDE ENVIRONMENTAL CLEANUP COSTS (919044)

BACKGROUND : The federal government faces substantial liabilities for environmental cleanup costs. The extent of the liability is not fully known but amounts booked to date are material to the governmentwide consolidated financial statements. OMB recently estimated the government's liability for environmental cleanup was between \$235 and \$389 billion.

KEY QUESTIONS : (1) What is the magnitude and reliability of environmental liabilities reported in federal agency and government corporation financial statements at 9-30-96? (2) What processes do federal entities have in place to estimate and report these liabilities? (3) What is the nature and location of the government's environmental liabilities?

TITLE: CFS WORK ON USDA/NFC GOVERNMENT-WIDE PAYROLL (919045)

BACKGROUND : USDA's NFC operates several major systems including payroll/personnel for USDA and over 30 other Federal agencies. Annually, NFC processes payroll for approximately 485,000 Federal employees. Past USDA/OIG work has identified control weaknesses at NFC. NFC management has been slow to develop and implement Corrective Action Plans.

KEY QUESTIONS : 1)Are internal controls at NFC sufficient to ensure that payroll & related data submitted by user agencies are properly processed & recorded? 2)Is USDA's FY 96 payroll expense fairly stated? 3)Are internal controls over USDA payroll submissions to NFC effectively designed & operating as intended? 4)Is USDA in compliance with significant provisions of applicable laws & regulations?

OTHER ISSUE AREA WORK - CA

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

OTHER ISSUE AREA WORK - CA

TITLE: REVIEW OF SUPERFUND TRUST FUND INDIRECT AND DIRECT CHARGES (913807)

BACKGROUND : Most Superfund monies come from taxes paid by oil and chemical companies. Nearly half of the \$1.5 billion a year charged to the Fund is for contractor cleanup. EPA direct and indirect charges, including charges by Justice, make up the balance. GAO was asked how the EPA and Justice's charges are for activities oil and chemical companies typically support.

KEY QUESTIONS : (1) What types and amounts of overhead and direct expenses do EPA and Justice allocate or charge to Superfund? (2) Do those expenses support the program's objectives? (3) Are the expenses charged typical of the types of cleanup costs normally incurred by large petroleum or chemical companies?

TITLE: REVIEW OF THE STATUS OF TRIBES' RESPONSES TO THEIR RECONCILED TRIBAL ACCOUNT BALANCES (913809)

BACKGROUND : Interior has completed efforts to reconcile tribal trust fund accounts and has developed a legislative proposal for correcting detected errors and reaching settlement on disputed account balances. Also, Interior's Special Trustee for American Indians has developed a legislatively-mandated strategic plan for Indian trust fund and asset management improvements.

KEY QUESTIONS : (1) What issues should the Congress consider in making decisions on legislative proposals regarding the settlement of Indian trust fund account balances that are in dispute? (2) What issues should the Congress consider in evaluating the adequacy of, and making funding decisions on, the Special Trustee's strategic plan?

TITLE: EDP CONTROLS AT AGENCIES UNDER GOVERNMENTWIDE AUDITS: THEIR EFFECTIVENESS AND RELATED IG AUDIT PROCEDURES (919003)

BACKGROUND : The 1994 GMRA requires GAO to audit the FY 1997 government-wide consolidated financial statements. The adequacy of audits by agencies under Governmentwide Audits of EDP controls, and the effectiveness of these controls directly affect the audits of these agencies, which comprise 5 of the 24 CFO agencies, including Treasury.

KEY QUESTIONS : (1) Assess the nature and extent of EDP control audits performed by the IGs in connection with financial audits of the subject agencies required by GMRA; and (2) Determine what this effort and other agency evaluations show the effectiveness of EDP controls to be.

OTHER ISSUE AREA WORK - CA

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

BACKGROUND : The 1994 GMRA requires GAO to audit the FY 1997 governmentwide consolidated financial reports. Accounts payable, a material line item that totaled about \$169 billion at 9/30/95 will be the responsibility of CA/HEHS. The \$109 billion in accounts payable at DOD, HHS, and SSA comprise approximately 65% of this line item and are the principal agencies of our focus.

KEY QUESTIONS : What are the procedures required to audit accounts payable in the consolidated governmentwide FY97 financial statements including whether related internal controls are operating effectively and whether the government is in compliance with related significant provisions of laws and regulations?

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

BACKGROUND : The 1994 GMRA requires GAO to audit the FY 1997 governmentwide consolidated financial statements. Health, a material line item that totaled about \$115 billion at 9/30/95, will be the responsibility of CA/HEHS. The \$114 billion in health expenditures at HHS and OPM comprise approximately 99% of this line item and are the principal agencies of our focus.

KEY QUESTIONS : What are the procedures required to audit health expenditures in the consolidated governmentwide FY 97 financial statements, including whether the related internal controls are operating effectively and whether the government is in compliance with related significant provisions of laws and regulations.

TITLE: EDP CONTROLS AT HEHS AGENCIES: THESE EFFECTIVENESS AND RELATED IG AUDIT PROCEDURES (919029)

BACKGROUND : The 1994 GMRA requires GAO to audit the FY 1997 government-wide consolidated financial statements. The adequacy of HEHS agencies' audit of EDP controls, and the effectiveness of these controls directly affect the audits of HEHS agencies, particularly SSA and HHS, which comprise a substantial portion of the government-wide audit.

KEY QUESTIONS : (1) Assess the nature and extent of EDP control audits performed by the IGs in connection with financial audits of HEHS agencies required by GMRA; and (2) Determine what this effort and other agency evaluations show the effectiveness of EDP controls to be.

OTHER ISSUE AREA WORK - CA

TITLE: NON CFO AGENCY PROFILES (919043)

BACKGROUND : The consolidated financial statements of the federal government will include 24 major departments which account for over 95 percent of the federal budget. However, we need to profile and possibly perform some limited audit work in more than 100 other smaller separate entities that are included in the government's consolidated statements.

KEY QUESTIONS : (1) What is the universe of other entities? (2) What information should be included in profiles for the other entities? (3) What audit work, if any, should be done for any of the other entities?

TITLE: EDP CONTROLS AT RCED AGENCIES: THEIR EFFECTIVENESS AND RELATED IG AUDIT PROCEDURES (919046)

BACKGROUND : The 1994 GMRA requires GAO to audit the FY 1997 government-wide consolidated financial statements. The adequacy of RCED agencies' audit of EDP controls, and the effectiveness of these controls directly affect the audits of RCED agencies, which comprise 10 of the 24 CFO agencies in the government-wide audit.

KEY QUESTIONS : (1) Assess the nature and extent of EDP control audits performed by the IGs in connection with financial audits of RCED agencies required by GMRA; and (2) Determine what this effort and other agency evaluations show the effectiveness of EDP controls to be.

TITLE: EDP CONTROLS AT AGENCIES UNDER DEFENSE AUDITS: THEIR EFFECTIVENESS AND RELATED IG AUDIT PROCEDURES (919055)

BACKGROUND : The 1994 GMRA requires GAO to audit the FY 1997 government-wide consolidated financial statements. The adequacy of audits by agencies under Defense Audits of EDP controls, and the effectiveness of these controls directly affect the audits of these agencies, which comprise 4 of the 24 CFO agencies, including DOD.

KEY QUESTIONS : (1) Assess the nature and extent of EDP control audits performed by the IGs in connection with financial audits of the subject agencies required by GMRA; and (2) Determine what this effort and other agency evaluations show the effectiveness of EDP controls to be.

Civil Audits

OTHER ISSUE AREA WORK - CA

TITLE: EDP CONTROLS AT NON-CFO AGENCIES: THEIR EFFECTIVENESS AND RELATED IG AUDIT PROCEDURES (919056)

BACKGROUND : The 1994 GMRA requires GAO to audit the FY 1997 government-wide consolidated financial statements. In addition to the CFO agencies, GAO has audit responsibilities for other agencies, such as FDIC.

KEY QUESTIONS : (1) Assess the nature and extent of EDP control audits performed by the IGs in connection with financial audits of the subject agencies; and (2) Determine what this effort and other agency evaluations show the effectiveness of EDP controls to be.
