

ASSOCIATION of GOVERNMENT ACCOUNTANTS

WASHINGTON CHAPTER NEWSLETTER

October 1988

About Our Speaker This Month



Harold I. Steinberg is Director of Federal Services for Peat Marwick Main & Co. He was formerly Associate Director for Management at the Office of Management and Budget (OMB) wherein he was responsible for the development of governmentwide auditing and accounting policies. In addition, he:

- was responsible for the Inspector General program, having assisted in the selection of individual departmental Inspectors General and then serving as Executive Director of the President's Council on Integrity and Efficiency;
- directed the development of tools to support the performance of single audits of state and local governments;
- developed, documented, and organized the methodology the federal government uses to evaluate, improve, and report on internal controls. Since then, he was led a number of projects to evaluate and improve controls in the federal sector.

Prior to his service with OMB, Mr. Steinberg spent eight years as a Director of Peat Marwick's practice with state and local governments. This involved him in several noteworthy assignments, including:

- the initial financial audit of the City of New York;
- the review of New York State's \$40 billion annual cash flow;
- the development of the methodology for audits of the performance of government services in accordance with the U.S. Comptroller General's **Standards for Audit of Governmental Organizations, Programs, Activities, and Functions**.

Mr. Steinberg holds a Bachelor of Science degree from Syracuse University and a Master of Business Administration degree from the New York University Graduate School of Business. He is a certified public accountant and a member

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October 6, 1988
**WASHINGTON CHAPTER
LUNCHEON MEETING
TO FEATURE**

Harold Steinberg

AUDITING THE FEDERAL GOVERNMENT
Harold Steinberg will address issues, requirements, benefits, agency roles and a number of other topics related to the use of financial audits, the new tool to improve Federal financial management.

TOUCHDOWN CLUB

2000 L St., N.W.

(Near Farragut West Metro Stop)

Social Period: 11:30 a.m. (Cash Bar)

Luncheon: 12:00 p.m.

Cost: \$15.00 (Members)

\$17.00 (Non-members)

Reservations Recommended

Call 649-4399 September 29 thru October 5

NON MEMBERS WELCOME!

Next Meeting: November 3rd

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PRESIDENT'S MESSAGE



Diane M. Bray

Establishing the Platform

Last month, I announced that the pride was back in the Washington DC Chapter. I informed you that the Chapter Executive Council had spent many hours discussing a new approach to Chapter structure, revamping current programs, and developing new programs. I outlined Chapter goals for the 1988-1989 year. I have heard many positive comments from Chapter members during our September luncheon and through numerous telephone conversations. I thank you for your support. I would like to devote the rest of this column to telling you the specifics of the 1988-1989 Washington Chapter Platform.

- *Community Service*

The Washington Chapter will strive to work closely with the community to sponsor programs which assist and improve the way the community does business.

Two of our major efforts this year will be the small business management course and the volunteer income tax assistance (VITA) program. The management course, entitled "Basic Training in Accounting and Small Business Management", is intended to introduce current and potential small business owners to the basic principles of accounting so that they will be able to operate a successful business. Through the VITA program, lower income, elderly, handicapped and non-English speaking taxpayers who are unable to prepare their own returns or pay for professional assistance are provided with free income tax assistance. John Cherbini (Chair), Lionel Henderson (Assistant Chair), and Joyce Charles (Assistant Chair) have done a tremendous job of planning and organizing these programs.

During the next several months, the Chapter Executive Council will be establishing an academic scholarship program for students. Carol Lynch has spent much time and energy in polling members for their opinions on how to best define the qualifications that students will need to apply for the scholarship program. She has chaired two lively debates on the program. My hat is off to you, Carol.

- *Education and Training*

In the past the Washington Chapter has built a solid reputation for providing relative, informative, and challenging educational events. This year is no exception. Our educational program is geared toward work-related, as well as personal development, topics.

Our plans include a workshop on "Revisions to the GAO Yellow Book" (November 7), TGIF luncheon on "1988-1989 Federal Tax Update" (January 13), a workshop on "Budget and Financial Management Trends and Issues" (February 15), TGIF luncheon on "Current and Prospective Developments in Cash Management" (March 17), and a TGIF luncheon on "Retirement Planning" (April 21). John Simonette, Mary Lee Mason, and Dave Holland have spent many hours discussing topics and planning these sessions.

Superior efforts are underway to improve our relationships with colleges and universities. Ken Konz and Ray Einhorn are implementing an aggressive campaign to educate professors and students about the Association and careers in accounting. To date, efforts have been implemented which have resulted in students attending the PDC, Washington Chapter luncheons, and Washington Chapter educational events on a complimentary basis. The response has been excellent!

- *Professional Development*

One of the greatest challenges facing our Chapter is to provide opportunities for the growth and development of our members. Serving on the Chapter Executive Council as an officer, director, chairperson, or committee member allows an individual to further refine public speaking, leadership, organization, and planning skills. The Chapter is always in need of volunteers to help out on various committees and programs.

- *Publication*

Through articles and assistance on national and chapter research committees, the Chapter supports AGA publications. **The Government Accountants Journal** and "Topics" present excellent informative writings Chapter members can use. At the Chapter level, our Newsletter has been given a complete face list. Under the direction of Anna Wilson (Editor) and her assistant editors Bob Rogers, John Wenstrup and Christy Poindexter, the Newsletter is the cornerstone of Chapter communications to our members. Each issue contains informative articles on Chapter activities, technical articles on work-related issues and programs, a calendar of events, and news highlighting special achievements within Federal agencies. Also profiles of chapter members and "Ask a Central Agency" column will be featured periodically.

Later this year, a new publications on the Washington Chapter will be published. Susan Lee has been spearheading an effort to develop an owners manual for the Washington Chapter. It will provide information on Chapter officers, committees, luncheons and benefits. Discussions are underway to publish a membership directory listing all members, agencies and telephone numbers. Thank you, Susan, for such a great effort.

These programs only begin to scratch the surface in what is planned for the coming year. In future issues of the Newsletter, I plan to spotlight our other efforts which are just as significant and of which I am very proud.

**AGA WASHINGTON CHAPTER
Chapter Executive Council for 1988/1989**

OFFICERS

- President**
Diane Bray, DOD, 695-0839
- President-Elect**
Doris Chew, JFMIP, 376-5415
- Secretary**
Judith Boyd, DOD, 697-8281
- Treasurer**
Joel Dorfman, AY, 956-6273
- Past President**
Terry Conway, 391-0003

DIRECTORS

- Public Service**
John Cherbini, C&L, 822-5640
- Chapter Awards**
Roger Feldman, State, 647-7490
- Chapter Bylaws & Procedures**
Sue Fields, NIH, 496-3417
- Student Awards**
Carol Lynch, Education, 732-5610
- Membership Services**
Dan McGrath, FMS, 566-3717
- Programs**
Sam Mok, Treasury, 377-9322
- Publicity & Agency Liaison**
Joe Rothschild, HUD, 426-6493
- Employment Referral**
Joyce Shelton, DOT, 366-1306
- Education**
John Simonette, GAO, 275-5748
- Newsletter**
Anna Wilson, OPM, 632-0003

CHAIRPERSONS

- Chapter Recognition**
Jean Bowles, State, 875-6923
- Coop. with Prof. Institutions**
Larry Goode, AY, 956-6142
- Assistant Chairs, Public Service:**
Small Business Education
Lionel Henderson, CSC, 982-2133
- VITA**
Joyce Charles, Labor, 523-5906
- Assistant Chairs, Education**
Dave Holland, Interior, 343-6743
Mary Lee Mason, FMS, 535-9693
- Coop. with Educational Institutions**
Kenneth Konz, EPA, 382-4106
Ray Einhorn, Am. Univ., 885-1931
- Legislative Tracking**
Thomas Gilliland, FMS, 287-0669
- Publications**
Susan Lee, FMS, 535-9693
- Chapter Advisory Council**
Ron Lynch, AA, 862-3324
- Research**
Chuck McAndrew, Navy, 696-6896
- Meetings**
Judith Parson, OCC, 447-1721
Deatrice Russell, FMS, 535-9693
- History**
Paula Rubin, FMS, 535-9693
- Budget & Finance**
Mike Wenk, OMB, 395-3993
- Newsletter**
Bob Rogers, Grant Thornton, 296-7800
John Wenstrup, Cong. Com., 224-6706
Christy Poindexter, HHS, 245-6041
- Photographer**
Chuck Zlamal, GAO, 275-9505

Schedule of Upcoming Events

Date	Activity
October 6	Washington Chapter Luncheon Meeting (See front page)
October 12	AGA Videoconference on the "Yellow Book Revisions", sponsored by National Office.
October 12	Workshop/Dinner Program on "Identifying Contractor Risks and Fraud." (See article on "Other Chapters' Activities")
October 18	Seminar/Dinner Program on "Fighting Procurement Fraud." (See article on "Other Chapters' Activities")
October 19	Conference on "Managing for the 1990's Using the Information Edge", sponsored by JFMIP, PCMI, and the Private Sector Council. Contact: Fernando Bren, 822-0616.
November 3	Washington Chapter Luncheon Meeting
November 7	Washington Chapter Seminar on "Revisions to the GAO Yellow Book" (See Newsletter article on page 4)
December 1	Washington Chapter Luncheon Meeting
January 12	Washington Chapter Luncheon Meeting
January 13	Washington Chapter TGIF Luncheon on "1988-1989 Federal Tax Update".
February 2	Washington Chapter Luncheon Meeting
February 15	Washington Chapter Workshop on "Budget and Financial Management Trends and Issues"
March 2	Washington Chapter Luncheon Meeting
March 17	Washington Chapter TGIF Luncheon on "Current and Prospective Developments in Cash Management"
April 6	Washington Chapter Luncheon Meeting
April 21	TGIF Luncheon on "Retirement Planning"
May 4	Last Washington Chapter Luncheon Meeting for the 1988/89 Season

COMMITTEE REPORTS

GAO's "Yellow Book" Featured At First Seminar

The Washington Chapter's first educational event for the 1988/89 season will be held November 17 at the George Washington University at 9:00 a.m. to 12:00 noon. This seminar will focus on the recent revisions to the General Accounting Office's "Yellow Book." It will feature Bill Broadus of GAO as a member of a panel consisting of Federal, State, and Local Government officials and private sector representatives. Lunch will be served following the seminar.

Additional information will be available in early October. Inquiries may be directed to Mary Lee Mason at 535-9693.

CEC Meeting Minutes August 11, 1988

By Judith Boyd, Chapter Secretary

Administrative Matters

- The prior month's minutes were approved without revision.
- A new committee, the Legislative Tracking Committee, was established and will be chaired by Tom Gilliland.
- The CEC meeting site was changed to Coopers and Lybrand at 1800 M Street, N.W. and will be held the 4th Thursday of each month.

Director/Chair Reports:

Directors or Chairs each presented a yearly plan to the Board and discussion of the plans and related topics issued. Key points included:

- Treasurer: The need for an assistant Treasurer was discussed.
- Education: The TGIFs will be continued this year. Care will be taken to ensure that the full 2 hour requirement is met. A motion was made that students from the local universities be invited to come to the TGIFs and monthly meetings as guests.
- Programs: The Chair suggested a raffle to offset costs in the slow months. A motion was made to authorize the Program Chair to explore this possibility further and present the Board with a report.
- Newsletter: The Editor presented for the consideration of the CEC several options for adding color to the Newsletter to improve its appearance. After some discussion, a motion was made that the Board approve the 2-color option with the provision that the newspaper announce that it is experimental.

- Public Service (Small Business): Small business was asked to consider providing a second course in the Spring.
- Student Awards: The plan for the student awards was referred back to the committee for revision based on the suggestions made at the meeting.

Presidential Transition Committee (PTC):

The concluding agenda item was a discussion of the PTC led by Mike Wenk.

★ ★ Important Notice ★ ★ Time to Renew Your Membership

Renewal notices were mailed in September. If you have not received your, please notify Debbie Timmons at National Office as soon as possible ((703) 684-6931). **It is important that you send in your renewal as soon as possible since membership benefits are discontinued after two months on the delinquent list.** Our new dues year begins October 1; therefore, anyone not remitting soon would be purged from our active mailing list and would cease receiving materials from AGA after the November distribution on the December newsletter.

Membership Network—A Success Story

By Dan McGrath, Director of Membership Services

Just a few years ago, the Washington Chapter was on the eve of completing a decade of declining membership. Much had been tried to reverse this gradual but continuing trend. Because of the seriousness of the problem, a study was commissioned in the summer of 1985. The outcome of this analysis was startling. The membership as a whole was not recruiting. In fact less than 2% of the membership could be classified as recruiters. To combat this situation many initiatives were undertaken. Perhaps the simplest, yet one of the most effective, has been the establishment of the Assistant Membership Committee Chairpersons Network.

The goal of the network is to have one or more Assistant Chairpersons in each governmental organization or private sector firm providing financial services to government.

The idea is to keep the area within the agency or organization served by each assistant small enough, so that no more than a dozen new professionals will be introduced to it each year. The concept is simple. The assistant hands out applications to non-members and follows up.

The time commitment is minimal, but it represents an ideal opportunity for new members to get involved, or for old members, who would like to be active but have not been able to devote time to the Association's more involved endeavors, to participate.

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Assistant Membership Chairpersons

Joseph Adams	Department of Interior
Anita Byrd	Department of Labor
Julia Carlson	Security Exchange Commission
Bob Clark	Financial Management Service
Celeste DeFiore	Veterans Administration
Sue Fields	Health & Human Services National Institute of Health
Terry Garrett	Department of Interior
Dave Gellman	United States Courts
James Goulden	Department of Transportation
Dave Holland	Department of Interior*
Lonnie Hunter	Treasury, Public Debt
Florence Imburg	National Science Foundation
Vern Isenberg	Agriculture, Farmers Home Administration
Barbara Jackson	D.C. Government
Jack Johnson	Environmental Protection Agency
Delores Jones	General Services Administration

Lenwood Keyes	Financial Management Service
Robert Lane	Financial Management Service
Elizabeth Levitt	State Department
Jean Lewis	Financial Management Service
Joseph Lokeman	Financial Management Service
John Martin	General Services Administration
Elena Pappas James	Price Waterhouse
Christy Poindexter	Health & Human Services
Helen Sherman	Department of Energy
Fred Smith	Financial Management Service
Luise Summersett	General Accounting Office
Neil Tierney	Arthur Young
Leo Warring	Financial Management Service
Rolf Wold	Department of Transportation
Ron Parkinson	USDA (Packers)
Dinshaw Manekji	HUD
Laverne Larson	AF (Andrews)
Martha Iacono	Commerce - NOAR

Newsletter Due Dates

The Newsletter Committee has established the following due dates for submission of articles or other input.

Issue	Articles Must be Received By
November	October 6
December	November 3
January	December 15
February	January 5
March	February 2
April	March 9
May	April 6

All Washington Chapter members are encouraged to participate in this opportunity to share information about themselves or their agencies. If you are interested, please call Anna Wilson (632-0098) or any member of the Newsletter Committee listed on page 2.

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Members of last year's network who are continuing this year are listed on the next page. New Assistant Chairpersons will be presented in future issues.

If anyone else would like to join this elite group, please contact me on 566-3717.

ABOUT OUR SPEAKER... *Continued from Page 1*

of the American Institute of Certified Public Accountants, the Governmental Finance Officers Association, and the Association of Government Accountants. He was the winner of the Haskins & Sells silver medal for finishing second in the May 1963 CPA examination.

Mr. Steinberg was Chairman of the AICPA's Task Force on the Quality of Audits of Governmental Units. He currently chairs the Implementation Monitoring Task Force, and is also a member of the AICPA's Task Force on Improving Federal Financial Management.

Employment Referral Committee Report

By Joyce Shelton, Director of Employment Referral

One of the many benefits of AGA membership is assistance in locating a new position. The National Office of AGA issues employment flashes which contain news of job openings in the accounting and financial management fields. The Washington Chapter shares these announcements at no cost to interested chapter members. Potential employers also provide the Employment Referral Committee with vacancy announcements and requests for names of chapter members who may be interested in the jobs they are trying to fill. To have your name and employment interests entered in our mailing system, please complete the information coupon below and mail it to Joyce Shelton, Director, Employee Referral, 3815 Whitman Road, Annandale, Virginia 22003.

EMPLOYMENT REFERRAL INFORMATION

Name: _____

Street: _____ Apt.: _____

City: _____ State: _____ Zip: _____

Phone: Office _____ Home _____

Job Interests: Accounting _____ Financial _____
 Auditing _____ Management _____
 Budgeting _____ Other _____

Geographic Preference: _____

Grade Level Of Interest: Lowest _____ Highest _____

	Yes	No
AGA Washington Chapter Member?	_____	_____

Supervisory Experience?	_____	_____
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Name Can Be Referred To Potential Employers? (If yes, attach current SF 171)	_____	_____
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THIS AND THAT

About Chapter Members

The big story this month is about the new addition to our fold. Chapter President **Diane M. Bray** went to great lengths to recruit a new Washington Chapter Member. Christopher John Bray was born on August 27 at 5:24 AM. Diane reports that her son has future plans to join AGA and run for Chapter President. (Note: There is no truth to the rumor that Christopher Bray received an AGA application as a christening present.) Congratulations to Mom and Dad.

In keeping up with the merger activity in the private sector, we wish to announce the merger of part of the Treasury Department with a portion of the Department of Transportation. On September 24, **Jerry Murphy**, Fiscal Assistant Secretary of Treasury will marry **Kathy Fry**, a Working Capital Fund Budget Officer with the Office of the Secretary, Department of Transportation. We wish the bride and groom many wonderful years of wedded bliss.

In accord with an August 13 Treasury Department announcement, **Russ Morris** will be assuming the position of Deputy Commissioner of Treasury's Financial Management Service. He currently serves as FMS's Assistant Commissioner for Federal Finance. Best wishes, Russ!

We are pleased to report that Washington Chapter staff members are being promoted. **Moses Johnson** received a promotion in his position as Chief, Benefits Accounting Branch, in the Office of Personnel Management; Systems Accountant **Paul Bognaski** left the Treasury Department to accept a promotion with the Agency for International Development; **Jean Lewis** remained within the Treasury Department and was promoted to head the Financial Analysis Program; **Warren Cottingham** is now responsible for the Treasury Department's fiscal systems reviews as part of the agency's response to the Federal Manager Financial Integrity Act.

*Don't forget to call us with your news about Chapter Members
(John James Wenstrup, 224-6706)*

Other Chapters' Activities

The Northern Virginia (NoVa) and Montgomery—Prince Georges (M-PG) Chapters are both sponsoring workshop/dinner programs during October.

"Identifying Contractor Risks and Fraud" is the theme of an October 12 workshop and dinner program, jointly sponsored by the M-PG Chapter and the Maryland Association of CPA's. Registration for the half-day workshop begins at 1:00 p.m. At 6:30 p.m., dinner will be served followed by the program at 7:30 p.m. The dinner speaker will be Fred Newton, Deputy Director of the Defense Contract Audit Agency. The registration fee is \$50 with dinner and \$40 without dinner. The

deadline for registration is October 8. Contact Helen Martin (436-8551) or Herb Jefferson (436-8196) for registration details.

Set aside October 18 to participate in NoVa Chapter's Seminar on "Fighting Procurement Fraud". Senior officials from Justice and Defense will provide first-hand insights into the procurement crime problem. Registration begins at 1:15 p.m. The \$75 fee includes afternoon refreshments and dinner. The seminar will be held at the Sheraton National Hotel in Arlington. Contact Ernest Doring on 275-4538 for registration details.

TECHNICAL TOPICS

Reporting and Financial Management Systems

By Judy Yuran, a member of the Washington Chapter, and Catherine Johnson

In the past, Treasury's role was primarily one of gathering, compiling, and reporting financial data. As a result of financial management initiatives (including the President's Reform '88 program, Grace Commission recommendations, the Federal Managers' Financial Integrity Act, OMB's Circular A-127, GAO regulations and reports) and our own review of the central accounting and reporting system, we at treasury are now focused on data integrity and improving the quality of financial data available for decision-making.

The Financial Management Service's (FMS) Accounting Group has responded by undertaking a number of major projects to improve the Governmentwide accounting and reporting system.

- *Standard General Ledger (SGL)*

SGL provides a uniform chart of accounts and supporting transactions used to standardize federal agency accounting and support the preparation of standard external reports.

In April 1987, FMS assumed operational responsibility for the Governmentwide SGL. To that end, Treasury Financial Manual (TFM) Bulletin 87-08 was issued to formally implement the SGL, an advisory work group was formed to oversee changes, and a revised SGL was issued as a Treasury Financial Manual supplement).

The SGL is scheduled for governmentwide implementation by September 30, 1988.

- *Federal Agency Financial Systems Program*

Under this program, Treasury's financial management systems liaisons are working with agency officials to review their plans and strategies for improving systems; to assess agencies' progress in achieving improvement; to identify noteworthy accomplishments; and to provide technical assistance and other support.

OMB and Treasury have signed a Memorandum of Understanding confirming their commitment to work cooperatively to improve financial management systems. FMS has been designated as the lead agency for Federal financial management systems.

- *Financial Analysis Program*

FMS has a major initiative currently underway. Its purpose is to convert accounting information collected and submitted by government agencies into management information that can be used by program and financial managers in making decisions and assessing financial and program performance. An accounting database is used for the Evaluation of Performance Trends, including modules on receivables, balance sheet and inventory analysis, and the development of a guidebook for assessing Federal financial performance.

- *Federal Agencies Financial Reports—I TFM 2-4100*

As a result of the expanded financial management role of FMS and in harmony with the release of GAO's revised Title 2 and OMB's Circular A-127, FMS' TFM Volume I Chapter 2-4100 was issued in fiscal year (FY) 1987 setting forth revised reporting requirements.

On-going effort is made to improve the quality of Federal financial reporting. Treasury officials are meeting with major agencies to recommend actions that need to be taken to resolve reporting problems and to revise the TFM instructions where appropriate.

- *Consolidated Financial Statement*

FMS issued the prototype Consolidated Financial Statement of the United States Government for FY 1987.

FMS plans to assess the need for changes in its Consolidated Financial Statement and intends to drop the prototype label in FY 1989 if agency systems are in substantial compliance with GAO standards.

- *Core Financial Management System Requirements*

The Joint Financial Management Improvement Program established an interagency task force to develop uniform requirements for financial management systems of Federal departments and agencies. The result of the task force's work was the Core Financial Management System Requirements.

The Core Financial Management System Requirements document establishes minimum standards that must be met by all financial systems in the federal government. Beginning with FY 1989, agencies must report on their compliance with the Core standards as part of the Federal Managers' Financial Integrity Act.

FMS is responsible for maintaining these requirements.

- *Agency Account Analysis Program*

Having completed an analysis of information reported on agencies' FY 1987 TFS 2108, "Year-end Closing Statements," in April 1988, FMS notified specific agencies

whose accounts reflected a negative balance (outlays in excess of available cash balances). A negative balance in an account could indicate a violation of the Anti-deficiency Act. Accounts with negative balances are published in the United States Government Annual Report—Appendix. The notices will alert managers directly, and in advance of the publication of the Annual Report.

Annual notices will be sent to affected agencies. FMS will officially implement this program using the FY 1988 TFS-2108 accounting data.

Much of what has been accomplished in financial management reporting and systems can only be attributed to the partnership that has evolved between OMB, the agencies and FMS. Continued cooperation and assistance will be necessary to improve data integrity and the quality of financial data in the Federal sector.

For information regarding these projects, you may contact Catherine Johnson or Judy Yuran of FMS' Accounting Policy Staff on 566-2651.

Did You Know . . .

By Charles McAndrew (696-6896)

This month we are featuring the Department of Energy (DOE), Office of Inspector General (OIG). The DOE OIG recently committed to a new strategy for providing audit coverage of the Department's Management and Operating (M&O) contractors. Through these contracts, which are similar to Government-owned, contractor-operated (GOCO) contracts, DOE operates its laboratory, weapons production and testing, and similar facilities. Under the new strategy, the OIG will integrate financial and performance auditing to maximize the use of audit staff resources within the Department. Implementation of this strategy will also improve the Department's system of financial and administrative controls.

M&O Contractor Operations

About 75 per cent of DOE's activities are carried out by M&O contractors who, under cost reimbursable arrangements, manage and operate a broad range of scientific and industrial facilities owned by the DOE. On an annual basis, the Department spends an estimated \$11 billion on M&O contractor activities. Most M&O contractors have staffs of internal auditors who audit and review the contractors financial accounting and other systems and activities.

Revised Audit Strategy

In early FY 1988, the OIG concluded that its approach for financial and compliance audits at M&O contractors should be reoriented. It was decided to institute a cyclical program of functional audits. In so doing, one OIG goal was to increase reliance on the work of the contractor's internal auditors to the maximum extent possible. To facilitate implementation, the OIG coordinated and published a Con-

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DID YOU KNOW . . . *Continued from Page 6*

tractor Audit Manual that identified the audit areas, audit steps, and timeframes to provide adequate audit coverage of the contractor's operations.

Strategy Implementation

Under the new audit strategy, functional audits provide for greater emphasis on economies and efficiencies in M&O operations. In addition, based on these audits and certain year-end work, financial accounting and reporting systems will be reviewed. Each year an attestation is required as to whether the system can be relied upon to produce accurate financial information. A general report format has also been prescribed in which the attestation, the functions reviewed and the M&O internal audit effort relied upon are clearly described.

Under this approach, identical functions of a number of M&O contractors are reviewed during the same time period. Depending on the audit results, reports to local DOE managers will be issued. Also, the OIG intends to issue overall reports to DOE senior management should the individual audits produce findings that can only be corrected through new or revised DOE-wide policy or direction.

Expected Results

The OIG believes its new M&O contractor audit strategy will, in general, enhance the quality of audit service to the Department of Energy. Specifically, the new strategy will:

- Ensure that the Department makes maximum use of its limited audit resources.
- Provide for uniform and consistent audit coverage of the Department's M&O contractors.
- Result in improved communications and coordination between OIG auditors and auditors working for the M&O contractors.

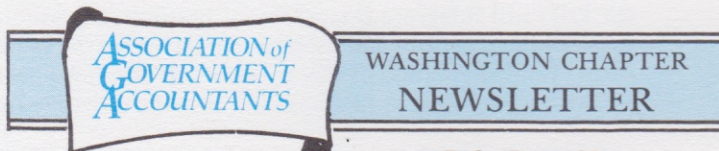
Point of Contact

If you have any questions, please call Gordon W. Harvey, Assistant Inspector General for Audits at 586-1943.

Changing Your Address?

- The easiest and surest way of changing your mailing address for all Chapter and National Office mailings is to mail a notice with the new address and an AGA mailing label with the old address on it to:

AGA National Office
601 Wythe Street, Suite 204
Alexandria, Virginia 22314



P.O. Box 423
Washington, D.C. 20044
September 1988

**FIRST CLASS MAIL—
PLEASE EXPEDITE**