

**GAO**

Accounting and Information  
Management Division

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April 1996

# **Corporate Audits Issue Area**

## **Active Assignments**

066283/156652

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# Foreword

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This report was prepared primarily to inform Congressional members and key staff of ongoing assignments in the General Accounting Office's Corporate Audits issue area. This report contains assignments that were ongoing as of April 6, 1996, 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 Robert Gramling, Director, on (202) 512-9406.

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## Corporate Audits

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### FINANCIAL CONDITION & PERFORMANCE

**TITLE: HRA 1: RESOLUTION TRUST CORPORATION 1995 FINANCIAL STATEMENT AUDIT (917335)**

**BACKGROUND :** RTC, which has a highly decentralized operating/reporting structure, was created by FIRREA to resolve troubled savings institutions which failed between 1/1/89 and 6/30/95. GAO is required to perform an annual audit of RTC's financial statements. As part of GAO's audit, we review internal controls and asset valuation estimates for RTC's 764 receiverships.

**KEY QUESTIONS :** (1) Are RTC's 1995 financial statements presented fairly in accordance with GAAP? (2) Are RTC and receivership internal controls effective in achieving management's objectives? (3) Does RTC comply with material provisions of applicable laws and regulations? (4) Are RTC's asset valuation procedures being followed and provide reasonable loss estimates?

**TITLE: PENSION BENEFIT GUARANTY CORPORATION - TRANSITION TO INSPECTOR GENERAL AS ITS AUDITOR OF RECORD (917625)**

**BACKGROUND :** PBGC's IG is contracting with a CPA firm for the FY 1995 audit. GAO, the predecessor auditors, committed to work with the IG, the IG's contractors, and PBGC to help ensure a successful transition for this complex audit. GAO opined on PBGC's FY 1994 and 1993 financial statements, and PBGC continues to address weaknesses in financial systems and internal controls.

**KEY QUESTIONS :** We will provide background information, evidence supporting prior year-end balances, complex audit and accounting issues, and other matters of continuing significance to the successor auditors to minimize the cost to the government.

**TITLE: LIBRARY OF CONGRESS 1995 FINANCIAL AUDIT (917652)**

**BACKGROUND :** GAO disclaimed and reported on many internal control weaknesses and noncompliances at the Library of Congress for FY 1988. Following concerns this year about thefts and mutilations, Senators Mack and Hatfield added financial, human resources, and collection management concerns. Through a contract with Price Waterhouse, this job will address financial management.

**KEY QUESTIONS :** (1) Are the financial statements presented fairly in accordance with GAAP for the federal government? (2) Are internal controls sufficient to prevent or detect losses, noncompliance, or misstatements material to the statements? (3) Did the Library comply with laws and regulations? (4) Has the Library improved weaknesses found in 1991?

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## Corporate Audits

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### FINANCIAL CONDITION & PERFORMANCE

**TITLE: AUDIT OF THE 1995 FINANCIAL STATEMENTS OF THE THREE FUNDS ADMINISTERED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (917705)**

**BACKGROUND :** FDIC administers the Bank Insurance Fund (BIF), the Savings Association Insurance Fund (SAIF), and the FSLIC Resolution Fund (FRF). These funds were created by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). FIRREA requires GAO to audit each fund's annual financial statements.

**KEY QUESTIONS :** (1) Are BIF's, SAIF's, and FRF's 1995 and 1994 financial statements presented fairly in accordance with generally accepted accounting principles (GAAP)? (2) Is FDIC management fairly assessing the effectiveness of its system of internal controls as of 12/31/95? (3) Are there instances of material noncompliance with selected provisions of laws and regulations?

**TITLE: JFMP MANAGERIAL COST ACCOUNTING SYSTEMS REQUIREMENTS (922224)**

### OTHER ISSUE AREA WORK

**TITLE: EVALUATION OF EFFORTS TO IMPROVE ACCOUNTING AND AUDITING STANDARDS AND THE PERFORMANCE OF INDEPENDENT AUDITORS (917641)**

**BACKGROUND :** Congress is considering legislation that would change the professional responsibilities and liabilities of independent auditors. To assist Congress, the Subcommittee requests that GAO evaluate and report on efforts since 1975 to improve accounting and auditing standards and the performance of independent auditors.

**KEY QUESTIONS :** (1) What recommendations have been made and actions have been taken since 1975 to improve standard setting and the performance of auditors? (2) What issues remain concerning the accounting profession, and what is the significance of these issues on audit quality? (3) What is the significance of the liability issue facing the accounting profession?

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## ***Corporate Audits***

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### **OTHER ISSUE AREA WORK**

**TITLE: FINANCIAL MANAGEMENT REFERENCE MATERIALS FOR USE BY THE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT (922225)**

**BACKGROUND :** Mr. Kevin Sabo, General Counsel for the House Committee on Government Reform and Oversight, has requested GAO help in preparing a "Committee Print" in the form of a booklet of reference materials relating to financial management. The booklet would list and summarize laws, OMB circulars, FASAB and JFMIP issuances, and other relevant materials.

**KEY QUESTIONS :** We need to compile a handy but comprehensive financial management guide within the time specified by the Committee General Counsel.

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