



# GOVERNMENT E-NEWS

E-NEWSLETTER FOR AICPA MEMBERS IN GOVERNMENT

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## DEAR MEMBERS

Can it be November already? The past few months have been busy times for the AICPA and government accounting. In August we announced the 2007 winners of the Outstanding CPA in Government at the Government Accounting and Auditing Conference in Washington DC. This year's winners are:

- Ian Dingwall, Chief Accountant of the United States Department of Labor's Employee Benefits Security Administration (EBSA) (federal level)
- Walter Kucharski, the auditor of public accounts for the Commonwealth of Virginia (state level)
- Max Duplant, CEO of the City of Beaumont, TX (local level).

See the article below for more information on these three outstanding government accountants.

In September the Government Performance and Accountability Committee (GPAC) held their biannual meeting. The committee is continuing to focus on human capital issues in the government accounting community and on improving the information available to government members. The committee is working on the finishing touches for a presentation to accompany the existing Government Recruitment Video. It also has plans to improve the government accounting content on the AICPA Financial Management Center website. At the meeting the Committee also said good-bye and thank you to Don Deis and Paul Carlson, two very dynamic members whose terms are over.

In the area of AICPA Governance, we are very pleased to announce that the new Vice-Chairman of the Board is Ernie Almonte, Auditor General of the state of Rhode Island. Ernie is a former chair of the GPAC and has been an active government member of the AICPA. Ernie is the first member in government to reach this level, and will become the Chair of the AICPA Board of Directors in October 2008. Congratulations to Ernie. This is good news for all our members in government!

Also in October, Congress held hearings on the Single Audit Report that was released by the PCIE in June. This report has caused quite a bit of discussion about what steps can be taken to address the quality of government audits. This issue of Government E-News contains an article on the Congressional testimony provided to us by the GAO and also contains an article from the AICPA Government Audit Quality Center on the steps being taken by that group to improve the knowledge and performance levels of firms performing government audits.

As this is the last issue of Government E-News for 2007, I want to take this opportunity to wish each of you a safe and productive remainder of the year and a Happy New Year. Look for the next issue of Government E-News in the new year.

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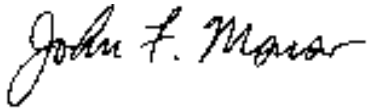
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Best regards,



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AICPA Vice President  
Business, Industry & Government

## TOP STORIES

### **Senate Subcommittee Hearing on Report on National Single Audit Sampling Project**

The financial management subcommittee of the Senate Committee on Homeland Security and Governmental Affairs held an October 25 hearing on the quality of single audits for recipients of federal assistance. On the witness panel were representatives of AICPA, the Office of Management and Budget (OMB), the Government Accountability Office (GAO), and the President's Council on Integrity and Efficiency (PCIE), whose study provided the focus of the hearing. In testimony and in response to questioning by Chairman Tom Carper (D-DE) and Senators Tom Coburn (R-OK) and Claire McCaskill (D-MO), the witnesses agreed that there is a problem in single audit quality.

In its June 2007 [Report on National Single Audit Sampling Project](#), the PCIE found that, 51 percent of the single audits reviewed had deficiencies severe enough to classify the audits as limited in reliability or unacceptable. The PCIE report recommends that OMB (1) revise and improve single audit criteria, standards, and guidance to address deficiencies identified by the project, (2) establish minimum requirements for completing comprehensive training as a prerequisite for conducting single audits and require single audit update training; and (3) review and enhance processes to address unacceptable audits and noncompliance with training and continuing professional education requirements. The recommendations had a high level of support on the witness panel, with a few reservations regarding training and enforcement. Witnesses testified on the actions being taken to both address and go beyond the report's recommendations.

To read more about the hearing and the actions being taken please see the article *Single Audits: Are They Helping to Safeguard Federal Funds?* on the [AICPA FMCenter website](#). All written testimony from the hearing can be accessed on the [U.S. Senate Committee on Homeland Security and Governmental Affairs website](#).

### **GAQC Response to Report on National Single Audit Sampling Project**

The AICPA and the Governmental Audit Quality Center (GAQC) share the commitment of the federal agencies involved in the PCIE study to improving the quality of single audits. The [GAQC Executive Committee](#) and GAQC staff will be working closely with the federal government on a go-forward basis to address the PCIE report recommendations. The GAQC just recently established various task forces to address the detailed specific recommendations in the report relating to standards and guidance including:

- Sampling/Materiality Issues in a Single Audit Environment
- Internal Control and Compliance Responsibilities in a Single Audit Environment
- Schedule of Expenditures Federal Awards Reporting Issues
- Reporting Audit Findings in a Single Audit
- Single Audit Training Needs and Continuing Professional Education Evaluation
- Practice Monitoring in a Single Audit Environment
- Revisions to SAS No. 74, *Compliance Auditing Considerations in Audits of Governmental Entities and Recipients of Governmental Financial Assistance*

Many future GAQC activities will be undertaken to respond to the PCIE report and to help auditors avoid having

similar problems in single audits. Watch the GAQC Web site (<http://www.aicpa.org/GAQC>) for updates on the status of the above-described activities.

### **Outstanding CPA in Government Award Recipients**

The Outstanding CPA in Government Award recognizes CPAs working in government who have made significant contributions to increased efficiency and effectiveness of government organizations and to the growth and enhancement of the profession. Three awards are given – one each for federal, state and local government. This year's awards were presented on August 20 by Susan S. Coffey, AICPA Senior Vice President – Member Quality and State Regulation, at the AICPA's 24th Annual National Governmental Accounting and Auditing Update Conference held in Washington, D.C. This is the second year the AICPA has selected a winner at all three levels of government; in prior years, one award was granted each year on a rotating basis among the different levels of government.

Ian Dingwall, winner of the federal award, is Chief Accountant of the United States Department of Labor's Employee Benefits Security Administration (EBSA) where he has been instrumental in developing and implementing programs and initiatives to ensure that EBSA is successful in its mission, which is to protect the integrity of pensions, health plans, and other employee benefits for more than 150 million people. Dingwall's long history of public service includes receiving the "Hammer" award from then Vice President Al Gore for helping to "build a government that works better and costs less." Dingwall has shown significant commitment to customer service and public outreach by establishing a toll free telephone number for the EBSA "Help Desk," which has handled approximately 400,000 inquiries since it was established in 2000, and he played a major role in developing the DOL/IRS electronic filing system known as EFAST.

Walter , winner of the award at the state level, is the auditor of public accounts for the Commonwealth of Virginia. Kucharski's contributions to Virginia's fiscal well-being include maintaining Moody's AAA rating, which has resulted in millions of dollars of taxpayer savings in interest payments for public spending initiatives. Holding the Commonwealth's departments accountable for their financial statements, he has ensured that sound government spending is the norm, has contributed to Virginia's consistent ranking as a top state for business as identified by such organizations as Forbes.com and Pollina Corporate Real Estate, and has helped keep the tax burden on its citizens among the lowest in the nation. Kucharski was recently awarded the "William R. Snodgrass Distinguished Leadership Award" by the Association of Government Accountants in recognition of his leadership in promoting excellence in government financial management.

Max Stephanie Duplant, the winner of the Outstanding CPA in Government Award at the local level, is CFO of the City of Beaumont, Texas and the President-Elect of the Government Finance Officers Association of Texas. Since becoming Beaumont's CFO in 2002, she has been instrumental in restoring the city's financial condition. The city's Fiscal Year 2003 had a beginning fund balance of only 9% of total annual expenditures, but four years later the fund balance was 26% of annual expenditures, even after weathering Hurricane Rita in 2005. It was Duplant's initiatives that enabled the city to sustain its operations and meet the demand of recovery and restoration following the storm's devastation. Duplant has also shown quick and decisive leadership in rallying opposition, both in government and the CPA community, to the proposed legislation to ban Texas governments from implementing GASB 45 dealing with Other Post Employment Benefits.

More information about the award and award winners can be found on the [AICPA FMCenter website](#).

### **GASB Approves Technical Plan for Final Third of 2007**

At its August 2007 meeting, the GASB approved its technical plan for the final four months of 2007. The plan includes two new omnibus research projects. The first will consider incorporating into GASB literature accounting and financial reporting guidance found in the American Institute of Certified Public Accountants' current or recently modified Statements on Auditing Standards. The second will research investment issues, focusing primarily on issues related to Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. More information on the plan can be found on the [GASB website](#).

### **FASAB Seeks Comments on New Exposure Draft**

The Federal Accounting Standards Advisory Board is requesting Comments on the Exposure Draft, *Reporting Gains*

and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates. This ED proposes new financial statement display for the gains and losses from changes in assumptions. Such gains and losses will now be shown as individual items on the statement of net cost. In addition, the ED proposes guidance for selecting discount rates and valuation dates for present value measurement. Comments are requested by Nov. 30, 2007. The ED and specific information requested are available on [FASAB's website](#).

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## RESOURCES

### **Would you like to be on an Audit Committee? Or do you need Audit Committee Members?**

The AICPA created the Audit Committee Matching System (ACMS) in response to the continued interest in strong corporate governance, and the need at public companies, privately-held companies, not-for-profit and government organizations to include people on their boards and audit committees that have expertise in financial matters. As CPAs we bring that expertise to bear to help boards and management make better informed decisions. We have the experiences to ask insightful questions of management, independent auditors and others, and the expertise to evaluate the adequacy of the answers. To access ACMS go to <http://www.aicpa.org/info/committees/index.asp>.

### **Governmental CPE Products**

The AICPA [Government & Not-for-Profit Catalog for Fall/Winter 2007](#) is now available. This catalog is a convenient tool to help firms plan and procure CPE that meets the *Government Auditing Standards* (Yellow Book) CPE requirements. It lists self-study courses, publications, and conference opportunities that are specifically related to the governmental and not-for-profit environment. You can view the catalog by [clicking here](#).

### **2007 Governmental Auditing Publications**

There are numerous AICPA publications that are designed to assist practitioners in conducting industry-specific audits. Listed below are the 2007 editions of governmental and not-for-profit publications and the status of their availability (to order just click on the product name):

- **Audit and Accounting Guides:**

- [Government Auditing Standards and Circular A-133 Audits](#) (available November 2007)

- [Health Care Organizations](#) (now available)

- [Not-for-Profit Organizations](#) (now available)

- [State and Local Governments](#) (now available)

- **Audit Risk Alerts:**

- [Government Auditing Standards and Circular A-133 Audits](#) (available November 2007)

- [Health Care Organizations Industry Developments 2007/2008](#) (now available)

- [Not-for-Profit Organizations Industry Developments 2007](#) (now available)

- [State and Local Governments Developments 2007](#) (now available)