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Federally Assisted Programs Conference, Speech

Wallace E. Olson

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FEDERALLY ASSISTED PROGRAMS CONFERENCE

Speech by

Wallace E. Olson, President
American Institute of Certified Public Accountants

November 7, 1977

Federally assisted programs have grown from \$2 billion in 1950 to in excess of \$70 billion in 1977 and it is likely that these programs will continue to grow in the future. Federal agency officials charged with the responsibility of administering these programs and accounting for the large sums of money have relied heavily on independent audits of the recipients to assist them.

The Congress is concerned about how effective assistance programs are and whether a given program meets their objectives. The General Accounting Office has responded to these concerns by developing standards for audit of governmental organizations, programs, activities and functions. They are currently in the process of finalizing single audit guidelines for financial audits. Other guidelines are being developed for economy and efficiency audits.

Committee members and the staff of the Washington office of the AICPA has provided GAO with input to assist them in developing their standards and guidelines. They have also provided various federal agencies with advice and assistance in the development of effective audit requirements consistent with federal policies.

Through conferences such as this, as well as, continuing professional education courses and the activities of committees, members of the profession can gain a better understanding of the government's objectives and correspondingly federal representatives will be exposed to the professional capabilities of CPAs.

This two-day conference will cover many of the aspects of audits of federally assisted programs. It will also highlight some of the Institute's activities in this area and discuss recently issued and proposed publications.

Institute publications that relate to federally assisted programs include:

Federal Financial Management: Accounting and Auditing

Practices - This publication, coauthored by Neil Tierney the moderator of this conference provides comprehensive information on how the federal government accounts for and audits congressional appropriations and related expenditures.

Guidelines for CPA Participation in Government Audit

Engagements to Evaluate Economy, Efficiency, and Program Results - Issued by the MAS Division of the Institute, this publication gives guidance as to professional considerations inherent in operational audits.

A special task force of the Institute is currently analyzing the needs of the profession and determining whether to develop an audit guide.

Institute publications (in the area of federal assistance) which will be issued in the near future are:

Contracting for Auditing and Management Services

With the Federal Government - Douglas Tucker, who is a panelist on this morning's session on procurement, has coauthored this book. It will provide meaningful insight into considerations associated with the federal government procurement process.

Federal Grants: Accounting and Auditing Practices -

Neil Tierney is the author of this publication. It provides an explanation of the grantor, grantee and auditor involvement in the federal grant-in-aid process.

The entire area of auditing recipients of federal assistance is an interesting and rewarding field. However, a word of caution, the complexity of the legal and unique audit requirements associated with these varying programs require each practitioner to study carefully the scope of the work to be performed prior to his acceptance of the engagement. Don't assume that because the word "audit" is used that the requirements are the same as those associated with an examination in accordance with generally accepted auditing standards. Failure to totally understand the requirements may be costly to the practitioner and not in the best interest of the profession.

The Subcommittee on Federally Assisted Programs has

brought together for this conference some of the most knowledgeable people in all aspects of federal assistance. I sincerely believe that over the next two days you will develop a more comprehensive and thorough understanding of the federal assistance process.