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## Members in Government, May 2005

American Institute of Certified Public Accountants (AICPA)

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# Members in Government

May 2005

**AICPA**

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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## Your Committee Working for You

It has been a very busy and exciting year for the Government Performance and Accountability Committee (GPAC). We would like to take this opportunity to give you an update on our recent initiatives.

Just over a year ago, GPAC had the opportunity to view the AICPA Audit Committee Toolkit for members in business and industry. After reviewing it, GPAC felt the information in the toolkit was very valuable and would also benefit members in government. A decision was made to form a task force to customize the Audit Committee Toolkit for members in government.

After a very intense process, GPAC is pleased to announce that the Government Audit Committee Toolkit will be available this month. The objectives behind the creation of the Government Audit Committee Toolkit are:

- To provide timely, reliable, accurate financial and non-financial information for informed decision making and accountability to the public.
- To get the toolkit into the hands of people with the right set of skills and competencies.
- To provide tools in easily understood plain English.
- To educate audit committee members about the audit—its value, purpose, what it is and is not, what to ask the independent auditors and others—and on internal controls.

### Recruiting New Talent

The second of our major initiatives was to produce a government recruitment video that will promote and attract CPAs into government service (*The CPA Letter Government Supplement*, Apr. 2005).

The objectives of the video are to:

- Increase the number of CPAs in government.
- Improve perception of CPAs in government both externally and internally.
- Show that integrity and service are important to government accountants and auditors.

The video targets:

- CPAs with 1–4 years of experience in public or private accounting.
- Undergraduate and graduate students majoring in business and/or accountancy.
- Current government accountants/financial managers who are not CPAs to encourage them to become CPAs.
- Non-CPA government employees working in accounting, auditing or financial management to consider taking steps to become a CPA.

The video is seven minutes long and includes one CPA working at each of the federal, state and local levels, along with some of their staff, discussing the possibilities, excitement and benefits of working in government. The video will be available for viewing or download this month on the AICPA's recruitment Web site:



[www.starthereregoplaces.com](http://www.starthereregoplaces.com)

If you have the opportunity to speak to students at the high school or college level or to CPAs not currently working in government, we encourage you to download the video and use it as part of your presentation. Contact Pam Green at [pgreen@aicpa.org](mailto:pgreen@aicpa.org) for more information.

### Member Survey

Our third initiative was a Web-based survey of AICPA members in government conducted in the fall 2004. The purpose of the survey was to determine the level of interest in various CPE topics and AICPA services. A secondary objective was to learn more about the characteristics of AICPA members in government to serve them better.

A total of 934 responses were received from all three sectors of government—federal, state and local. Each sector is well represented in the survey, with 39% from local government, 29% federal, 28% state, and 4% other (primarily CPAs in private practice serving

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government as consultants or auditors). The respondents cover a wide range of job functions. Management was the most represented (38%), followed by auditors (27%), other (16%) and accountants (15%). Only a few respondents were preparers (2%) or information technology specialists (2%).

In general, the respondents tend to have a considerable amount of work experience in government. Those with 1–3 years of government experience comprise 8% of the respondents; those with 16–20 years comprise 20%. More than half (51%) have 16 or more years of experience. Although it was not a scientific survey, it is a reasonable representation of the population of AICPA members in government. Feedback is consistent with concerns about a shortage of experienced government workers to replace retirees in

the near future. The age of respondents tells a similar story. The majority of the responses came from those 46 and older (64%). Those between 46 and 55 were most represented (46%), while the smallest groups were those between 25 and 35 years (8%) and those over 65 (1%).

GPAC thanks all those who responded. Results are still being analyzed and will be used to help GPAC set its future agenda. Look for additional survey results in a future issue of *The CPA Letter Government Supplement* and for future opportunities to participate in GPAC surveys of AICPA members in government.

A very special thanks to all of the GPAC members (see the committee roster at <https://volunteers.aicpa.org>) who put their time and dedication into seeing these projects through to completion.

## AICPA Launches New IT Online Resource

The AICPA unveiled a new information technology community Web site that contains resources, tools and guidance for CPAs interested or practicing in IT. The site is designed to assist CPAs in the AICPA IT community who want to leverage information technology to increase efficiency and boost profits. The mission of the IT community is to:

- Provide IT section members and certified information technology professional (CITP) credential holders with the tools to help them enhance their competency and allow them to share best practices.
- Serve as a comprehensive resource for information and education about new technologies to the CPAs.
- Raise awareness about the importance of demonstrating expertise of business technology issues and attaining the CITP credential.
- Provide information about the community's activities to other stakeholders.

“Our goal was to provide an online resource for all CPAs in the IT community, whether they are in business and industry, academia, government or public practice,” said James Metzler, AICPA Vice President—Small Firm Interests. “Many CPAs want to stay up-to-date on the latest developments in IT. They now have a place online to begin their quest. CPAs in other segments of our community, including business and industry, can access guidance that will help them understand the impact of IT issues on their organizations and tools to help them implement solutions.”

The information on the IT community Web site is conveniently organized around a home page and five core areas—Resources, Community, Events, Membership and Products. The IT community provides a venue for CPAs, their clients, employers and customers to monitor, assess, educate and communicate the impact of technology developments on business solutions. As an added benefit, members of the AICPA IT Membership Section as well as holders of the

CITP specialty credential can access premium technical and practice management content on the site and obtain discounts on AICPA conferences and products.

“Being a member of our IT community will help enhance general technological competency, as well as the quality of technology and technology-enabled services provided by members,” said Roman Kepczyk, CPA, CITP, chair of the AICPA Information Technology Executive Committee. “Our new community Web site gives our members the ability to find the resources they need in one convenient place, any time they want them. One of our most important IT initiatives—the annual AICPA Top 10 Technologies list—will also have a new home on the site.” Resources developed around the AICPA Top 10 Technologies for CPAs will be added to the IT Web site regularly.

For information about the AICPA's IT Membership Section and CITP credential program, visit:



[www.aicpa.org/infotech](http://www.aicpa.org/infotech)

## FASAB Bids Farewell to Robert Bramlett

Robert Bramlett, one of the earliest members of the Federal Accounting Standards Advisory Board's staff, retired recently with 15 years of federal service. Bramlett came to FASAB from what is now the Government Accountability Office, where he was a



senior accounting fellow. Before moving to Washington, D.C., he was a project manager with the Governmental Accounting Standards Board. He has served on the National Intergovernmental Audit Forum and AICPA committees.

## FASAB Launches Active Projects Page on Web Site

The FASAB Web site has a new page for active FASAB projects. Each link will take users to a page with information about the related active project. The pages will

include the project's objective, a history—with the most recent deliberations first—of the project, and staff papers supporting deliberations. Staff contact information is provided for questions related to project deliberations or status.

As a result of this new feature and to avoid duplication, the FASAB newsletter will be scaled back to present only recent and planned actions for the active projects.



[www.fasab.gov](http://www.fasab.gov)

Published for AICPA members in government. Opinions expressed in this *CPA Letter* supplement do not necessarily reflect policy of the AICPA.

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## GASB Issues PV on Pollution Remediation Obligations

The Governmental Accounting Standards Board has released a Preliminary Views document, *Accounting and Financial Reporting for Pollution Remediation Obligations*, that covers obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

The PV proposes that, once any one of five specified obligating events occurs, governments would be required to estimate the components of expected pollution remediation outlays using an expected cash flow measurement technique and determine

whether outlays for those components should be accrued as a liability or, in limited instances, capitalized when goods and services are acquired.

Most pollution remediation outlays would be accrued as a liability and expenditure or expense, as appropriate, when a range of expected outlays is reasonably estimable. If a government cannot reasonably estimate the range of all components of the liability, it would recognize the liability as the ranges of each component (for example, legal services, site investigation or required postremediation monitoring) become reasonably estimable. The PV proposes a series of recognition benchmarks—steps in the remediation process—that gov-

ernments should consider in determining when the components of pollution remediation liabilities are reasonably estimable.

The provisions of the PV would be applied retroactively. Provisions for an effective date will be provided if and when the PV is issued as an exposure draft.

The GASB encourages written comments on its proposals. The deadline for submitting comments is June 24, followed by a public hearing in San Antonio, on June 29. Additional information about submitting a response or a request to speak at the hearing is included in the document, which is available on the GASB's Web site.

 [www.gasb.org](http://www.gasb.org)



## IRS Revises Pub 963

The Internal Revenue Service Office of Federal, State and Local Governments has completed an online revision of Publication 963, *Federal-State Reference Guide*. Publication 963, last revised in 2002, is a comprehensive guide to Social Security,

Medicare and retirement plan coverage for government employers. The first edition appeared in 1997, as a joint effort of the IRS, the Social Security Administration and the National Association of

State Social Security Administrators. It contains a thorough discussion of Section 218 of the Social Security Act and how it applies to different governmental entities in various situations, with many illustrations of the application of coverage rules.

Although the IRS does not plan to make printed copies available for distribution, any or all of Publication 963 can be downloaded from the FSLG Web site.

 [www.irs.gov/govts](http://www.irs.gov/govts)

 877/829-5500


## IRS Federal, State and Local Governments Newsletter

The IRS issues its *Federal, State and Local Governments Newsletter* quarterly. The most recent issue contained articles on:

- New IRS advice on taxability of gift cards.
- New notification requirement for state and local government new hires.
- Treatment of employer-provided lodging.


- A revision of the form for tax-exempt bonds.

To read the newsletter, visit:

 [www.irs.gov/pub/irs-tege/p\\_4090\\_fed\\_0305.pdf](http://www.irs.gov/pub/irs-tege/p_4090_fed_0305.pdf)

## ASB Issues ED to Clarify Professional Requirements, TPA on Medicaid/Medicare

*Editor's Note: The following two items related to the activities of the AICPA Auditing Standards Board are excerpts of articles that appear in In Our Opinion, the newsletter of the AICPA's Audit and Attest Standards Team, Vol. 21, No. 1 Winter 2005. To read the entire newsletter, visit:*

 [www.aicpa.org/download/auditstd/opinion/2005\\_winter.pdf](http://www.aicpa.org/download/auditstd/opinion/2005_winter.pdf)

The ASB has issued an exposure draft of a proposed auditing standard, *Defining Professional Requirements in Statements on Auditing Standards*, and a proposed attestation standard, *Defining Professional Requirements in Statements on Standards for Attestation Engagements*. The proposed standards establish and define the terminology the ASB will use to describe the varying degrees of responsibility that the requirements impose on an auditor or practitioner.

The proposed statements define the following two categories of professional requirements:

- *Requirements*. The auditor or practitioner is required to comply



with the requirements whenever the applicable circumstance exists. A requirement is indicated by the words *must* or *is required*.

- *Presumptive requirements*. The auditor or practitioner also is required to comply with the presumptive requirements whenever the applicable circumstance exists.

However, the auditor or practitioner may depart from the presumptive requirement if he or she (1) performs alternative procedures that achieve the objectives of the presumptive requirement, and (2) documents the reason for the departure and how alternative procedures achieved the objectives of the presumptive requirement. The word *should* indicates a presumptive requirement.

The provisions of these standards will apply to existing statements on auditing standards and statements on standards for attestation engagements.

The comment period ends on May 15. The ED is available for download from the AICPA's Web site.

 [www.aicpa.org/members/div/auditstd/2005\\_02\\_28\\_Prof\\_Req.asp](http://www.aicpa.org/members/div/auditstd/2005_02_28_Prof_Req.asp)

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The AICPA's Audit and Attest Standards Team, with the assistance of the AICPA's Healthcare Expert Panel, issued a technical practice aid, *Reporting on Medicaid/Medicare Cost Reports*. The TPA provides guidance to auditors engaged to report on a Medicaid/Medicare cost report that is included as supplemental or accompanying information to the healthcare organization's basic financial statements. In such circumstances, the auditor may only report on the information in the Medicaid/Medicare cost report that has been subjected to the

auditing procedures applied in the audit of the basic financial statements. The auditor should disclaim an opinion on any supplemental information included in the cost report that has not been subjected to the auditing procedures applied in the audit of the basic financial statements.

The TPA can be found on the AICPA Web site.

 [www.aicpa.org/download/members/div/auditstd/reporting\\_on\\_medicaid.pdf](http://www.aicpa.org/download/members/div/auditstd/reporting_on_medicaid.pdf)

## IFAC Releases 2005 Handbook of IPSA Pronouncements

The 2005 edition of the International Federation of Accountants' *Handbook of International Public Sector Accounting Pronouncements* is now available in print and PDF format, both of which are free. Print copies may be ordered and the PDF version downloaded from the public sec-


tor accounting section of IFAC's online bookstore.

The new edition of the handbook features all international public sector accounting standards issued as of Dec. 31, 2004, including two new standards issued in 2004: *Financial Reporting Under The Cash Basis of Accounting and Impairment of Non-Cash-Generating Assets*. It also includes an updated glossary of terms, summary of occasional



papers and studies and a selected bibliography. All standards have been developed by IFAC's International Public Sector Accounting

Standards Board with the aim of improving the quality of public sector financial reporting and accounting practices around the world.

 [www.ifac.org/Store/Category.tml?Category=Public%20Sector%20Accounting](http://www.ifac.org/Store/Category.tml?Category=Public%20Sector%20Accounting)

## IFAC Issues EDs to Enhance the Quality of Group Audits

The International Auditing and Assurance Standards Board of the International Federation of Accountants approved exposure drafts of four standards for public comment. The EDs propose new guidance designed to enhance the quality of group financial statement audits, independent auditors' reports and communications between auditors and those charged with governance. They are:

- Proposed International Standard on Auditing 600 (Revised), *The Audit of Group Financial Statements*.
- Proposed ISA 260 (Revised), *The Auditor's Communication with Those Charged with Governance*.
- Proposed ISA 705, *Modifications to the Opinion in the*

*Independent Auditor's Report*.


- Proposed ISA 706, *Emphasis of Matter Paragraphs and Other Matters Paragraphs in the Independent Auditor's Report (derived from ISA 701, Modifications to the Independent Auditor's Report)*.

The EDs can be found at:

 [www.ifac.org/EDs](http://www.ifac.org/EDs)

Comments are requested by July 31. They may be mailed to IAASB Technical Director, 545 Fifth Avenue, 14th Floor, New York, NY 10017, or addressed to:

 [EDComments@ifac.org](mailto:EDComments@ifac.org)

 212/286-9570 (Attention of the IAASB Technical Director)

## JFMIP's Responsibilities Realigned

During their most recent meeting, the principals of the Joint Financial Management Improvement Program voted to realign JFMIP's responsibilities for financial management policy and oversight. Under the new structure, the JFMIP Program Management Office, which certifies financial management software, will report to a new Chief Financial Officers Council (CFOC) committee to be chaired by the chief of the Office of Management and Budget's Office of Federal Financial

Management (OFFM), Federal Financial Systems Branch. Other current JFMIP functions will be assumed by OFFM, the Office of Personnel Management and the CFOC. The principals will continue to meet at their discretion, although the JFMIP will cease to exist as a standalone organization.

"The new structure will eliminate duplicative roles and streamline financial management improvement efforts. This action reflects our recommitment to the important financial management improvement work that has been done by JFMIP over the years and that will continue with the benefit of a CFO Act organization struc-

ture," said OMB Controller Linda Springer.

The JFMIP was formed as a voluntary effort by the heads of those entities required to conduct a program for improving the government's accounting and financial reporting under the Budget and Accounting Procedures Act of 1950. The subsequent Chief Financial Officers Act of 1990, however, created both OFFM and the CFOC, providing the broader mandate for improving financial management within the federal government.

For more information, contact OMB Communications.

 202/395-7254

