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Health, Education & Human Services Accounting and Financial Management Issues Issue Area

Active Assignments

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Foreword

This report was prepared primarily to inform Congressional members and key staff of ongoing assignments in the General Accounting Office's Health, Education & Human Services Accounting and Financial Management Issues issue area. This report contains assignments that were ongoing as of August 17, 1998, 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 Gloria Jarmon, Director, on (202) 512-4476.

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FINANCIAL CONDITION-HAFM

TITLE: **HRA 5: HCFA/MEDICARE FINANCIAL STATEMENT AUDIT FISCAL YEAR 1998 (919213)**

KEY QUESTIONS : The 1994 Government Management Reform Act of 1994 (GMRA) requires the General Accounting Office (GAO) to audit the FY 1998 governmentwide consolidated financial statements. To support the Inspector General's (IG) completion of the Health Care Financing Administration's (HCFA) FY 1998 audit, which we plan to rely on in rendering our audit opinion on the consolidated statements, we need to assess whether adequate audit procedures are performed to (1) audit governmentwide Medicare expenditures and related disclosures; (2) evaluate internal controls; and (3) test compliance with significant provisions of laws and regulations related to Medicare expenditures. HCFA is extremely decentralized and will require significant resources including EDP, field office and headquarter staff.

TITLE: **FY 1998 AUDIT OF INCOME SECURITY EXPENSE (919253)**

KEY QUESTIONS : The 1994 Government Management Reform Act of 1994 (GMRA) requires the General Accounting Office (GAO) to audit the annual governmentwide consolidated financial statements. Income Security expenses is a material line item of about $214 billion. To perform the FY 1998 audit, we need to assess whether adequate audit procedures are being performed to (1) audit governmentwide income security benefit payments; (2) evaluate internal controls; and (3) test compliance with significant provisions of laws and regulations related to income security.

TITLE: **HRA 6:FY 1998 AUDIT OF EDUCATION, TRAINING, EMPLOYMENT & SOCIAL SERVICES EXPENSES (919254)**

KEY QUESTIONS : The Government Management Reform Act requires GAO to audit governmentwide financial statements for fiscal year 1998. Education, Training, Employment & Social Services (ETESS) is a material line item with $44.4 billion in expenses in FY 1997. Education, HHS, and Labor account for about 94% of this amount and their OIGs/IPAs are performing the audits. To carry out the FY 1998 audits, we need to assess whether adequate audit procedures are being performed to (1) audit governmentwide ETESS expenses; (2) evaluate internal controls; and (3) test compliance with laws and regulations pertaining to ETESS.

TITLE: **FY 1998 AUDIT OF VETERANS BENEFITS AND SERVICES (919255)**

KEY QUESTIONS : The Government Management Reform Act requires GAO to audit the governmentwide financial statements. Veterans Benefits and Services is a material line item of over $30 billion. To perform the FY 1998 audit, we need to determine whether the OIG/IPA's audit procedures are adequate to determine whether (1) the veterans benefits services line item is fairly stated in relation to the governmentwide financial statements taken as a whole, (2) internal controls are effectively designed and operating, and (3) VA is in compliance with significant provisions of laws and regulations related to this line item.

TITLE: **FY 1998 CFS: BENEFITS DUE AND PAYABLE (919264)**

KEY QUESTIONS : Under provisions in the Government Management Reform Act of 1994, the GAO will audit the consolidated federal financial statements for fiscal year 1997 and each year thereafter. Benefits Due and Payable is a material line item that totalled about $ 78 billion as of 9/30/97. To carry out the FY 1998 audit, we need to assess whether adequate audit procedures are being performed to (1) determine the reliability of government-wide Benefits Due and Payable in relation to the consolidated federal financial statements taken as a whole; (2) evaluate internal controls over this line item; and (3) identify, test, and report on compliance with provisions of laws and regulations related to Benefits Due and Payable that have a direct and material effect on the financial statements.

TITLE: **FISCAL YEAR 1998 AUDIT OF HEALTH LINE ITEM (919268)**

KEY QUESTIONS : The Government Management Reform Act of 1994 requires GAO to audit the FY 1998 governmentwide consolidated financial statements. The Health line item's reported balance of $124 billion as of 9/30/97 is material to those financial statements. Health expenditures at HHS comprised about 97 percent of this total. Consequently, HHS will be the focus of our audit work. To carry out the FY 98 audit, we will assess whether adequate audit procedures are being performed to: 1) determine the reliability of Health expenditures in relation to the governmentwide financial statements as a whole; 2) evaluate internal controls over health expenditures; and 3) identify, test, and report on compliance with significant provisions of the laws and regulations related to the Health line item.

TITLE: **FISCAL YEAR 1998 AUDIT OF GOVERNMENTWIDE FINANCIAL STATEMENTS--ACCOUNTS PAYABLE LINE ITEM (919269)**

KEY QUESTIONS : Under provisions in the Government Management Reform Act of 1994, GAO will audit the governmentwide consolidated financial statements for fiscal year 1998. The Accounts Payable line item is material to these statements and totalled about $97.7 billion at 9/30/97. The Departments of Treasury and Defense comprise about $64 billion or approximately 65 percent of this line item and are the principal agencies of our focus. To carry out the FY 1998 audit, we need to assess whether adequate audit procedures are being performed to 1) audit governmentwide Accounts Payable; 2) evaluate internal controls; and 3) test compliance with significant provisions of laws and regulations related to Accounts Payable.

TITLE: **FISCAL YEAR 1998 GOVERNMENTWIDE AUDIT OF OTHER LIABILITIES LINE ITEM (919270)**

KEY QUESTIONS : Under the provisions in the Government Management Reform Act of 1994, GAO will audit the governmentwide consolidated financial statements for fiscal year 1998. Other Liabilities is a material line item that totalled about $168.8 billion at 9/30/97. Treasury, DOD, Energy, Railroad Retirement Board, PBGC, HUD, and Agriculture comprise $126 billion, or 74 percent of this line item and are the principle agencies of our focus. To carry out the FY 1998 audit, we need to assess whether adequate audit procedures are being performed to 1) audit governmentwide Other Liabilities; 2) evaluate internal controls; and 3) test compliance with significant provisions of laws and regulations related to Other Liabilities.

FINANCIAL OPERATIONS-HAFM

TITLE: **REVIEW OF FDA'S MANAGEMENT PRACTICES RELATED TO PROPERTY, PLANT, AND EQUIPMENT (916256)**

KEY QUESTIONS : GAO has been requested to review the Food & Drug Administration's (FDA) internal control procedures related to Property, Plant, & Equipment (PP&E). 1) Are FDA's corrective action plans related to PP&E material weaknesses detailed in the FY 96 and FY 97 financial statement audit reports adequate? 2) What controls are in place to prevent the theft of sensitive equipment? 3) What controls are in place to monitor the surplus and disposal of ADP equipment?

TITLE: **HRA 29:SSA 1998 FINANCIAL AUDIT AND RELATED WORK (919210)**

KEY QUESTIONS : The Government Management Reform Act requires GAO to audit the FY98 government wide financial statements, of which the Social Security Administration (SSA) is a significant part. SSA's audit will be performed by an accounting firm under contract with the SSA's Office of Inspector General (OIG). GAO will work with SSA's OIG to assure that the contractor performs adequate procedures to determine whether (1) SSA's financial statements, related disclosures, and management assertives about internal control and fairly stated, (2) SSA complied with significant provisions of laws and regulations; and (3) the overview and other supplemental information is materially consistent with the financial statements.

TITLE: **DEPARTMENT OF VETERANS AFFAIRS: WEAKNESSES IN MANAGEMENT CONTROL AT VBA HOUSE ASSISTANCE PROGRAM RESULTS IN SERIOUS DEFICIENCIES (919300)**

KEY QUESTIONS : As part of the FY 1997 government-wide consolidated financial statement audit, GAO identified accounting and internal control deficiencies in the Dept. of Veterans Affairs (VA) Housing Credit Assistance Program--in both the direct loan and loan sale programs. 1) Is the management control structure adequate? 2) Are loan sale activities properly recorded? 3) Are systems for the direct loans adequate? 4) Is VA adequately monitoring the activities of the outside contractor servicing the direct loan portfolio?

FINANCIAL CONDITION-D.C.

TITLE: **FY 1997 FINANCIAL AUDITS OF THE DISTRICT'S HIGHWAY TRUST FUND (913798)**

KEY QUESTIONS : P.L. 104-21 required the District of Columbia to establish a highway trust fund and a revolving fund account and temporarily waived the District's requirement to pay its share of FY 1995 & 1996 federal-aid highway costs. The final repayment (the second half [50 percent] of the waived FY 1996 costs) of the waived costs is to take place at the end of FY 1998. GAO is required to annually audit the highway fund. The FY 1997 revenue collections are estimated at $34 million. (1) What is the financial condition of the District's highway trust fund and associated revolving fund account at fiscal year ending September 30, 1997? (2)What is the highway fund's expected condition and results of operation for the next 5 fiscal years?

TITLE: **AUDIT ACTUAL EXPENDITURES MADE BY DC METROPOLITAN POLICE DEPARTMENT UNDER PROVISIONS OF $15MILLION GRANT APPROPRIATED IN PL 104-134 (916251)**

KEY QUESTIONS : In Public Law 104-134 approved April 26, 1996, Congress provided the District of Columbia Metropolitan Police Department a grant of $15 Million for the improvement of the department. The requester is concerned with the delay in the expenditure of the funds, and whether the funds were spent in accordance with the letter of understanding and approval. GAO has been requested to audit the actual expenditures made by the DC Metropolitan Police Department under the provisions of the $15 Million grant.

TITLE: **REVIEW, ANALYSIS, AND COMMENT ON THE DC FINANCIAL RESPONSIBILITY AND MANAGEMENT AUTHORITY FINANCIAL STATEMENTS AND MANAGEMENT LETTERS FOR FISCAL YEAR 1996 AND 1997 (916252)**

KEY QUESTIONS : GAO has been requested to review, analyze and comment on the audited annual financial statements and management letter of the DC Financial Responsibility and Management Assistance Authority (Control Board) for FY 1996 and 1997. The financial statements and letters should be reviewed in relation to the DC Comprehensive Annual Financial Report (CAFR) for those fiscal years, to ensure consistency of presentation, agreement of amounts, and the relationship between the Control Board and the DC government.

OTHER ISSUE AREA WORK - HAFM

TITLE: **AIMD REVIEW OF FIRST ANNUAL AGENCY PERFORMANCE PLANS UNDER THE RESULTS ACT (511244)**

KEY QUESTIONS : GAO has been asked to review agency GPRA annual performance plans and issue a capping report. AIMD input related to financial management and information technology will be an important element of GAO's analysis. This assignment provides the time for analysis of performance plans for HEHS and RCED agencies, and for providing input to cognizant program divisions. (1)To what extent does the agency's performance plan provide a clear picture of intended performance across the agency?

TITLE: **COMPLIANCE WITH THE FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT OF 1996 (919273)**

KEY QUESTIONS : Under Public Law 104-248, GAO must annually report on agency implementation of the Federal Financial Management Improvement Act (FFMIA or Brown Bill). GAO's report is to discuss (1) executive agencies' compliance with FFMIA's requirements, including whether the federal government's financial statements have been prepared according to applicable accounting standards and (2) the adequacy of these standards for the federal government.

TITLE: **GOVERNMENTWIDE ASSESSMENT OF IMPROPER PAYMENTS (919280)**

KEY QUESTIONS : Over $20 billion in improper payments were reported in federal agencies' fiscal year 1997 financial statements. However, the magnitude of this problem may be greater since many agencies did not report improper payments. (1) What did agencies disclose and report related to improper payments in their fiscal year 1997 financial statements? (2) If agency programs did not have improper payments disclosed, what amounts were at risk of being improperly paid? (3) What are the causes of improper payments? (4) Have agencies discussed strategies for minimizing improper payments in their performance plans?