

News & Views



ROBERT L. GRAY STEPS DOWN AS PUBLISHER AND EDITOR-IN-CHIEF

After May 31, 1998, the name Robert L. Gray will no longer appear on the masthead of *The CPA Journal* as publisher and editor-in-chief. After approximately 28 years of involvement with the *Journal*, he has decided to pursue other career interests and opportunities.

Gray first appeared on the masthead of *The New York State Certified Public Accountant*, the predecessor of *The CPA Journal*, in his role as executive director of the New York State Society of CPAs. Over his years of service, as the needs of the *Journal* changed he wore the hat of executive editor, managing editor, and finally publisher and editor-in-chief. There were times when he and other editors, including Max Block, Dan Kramer, and Kirk Batzer turned sows ears into silk purses in order to bring the *Journal's* readers the relevant material they needed.

An interview with Gray conducted by Managing Editor James Craig will appear in next month's issue of the *Journal*. Gray reflects on his years as editor and on the issues the profession is now facing. □

GAO AUDIT REPORT ON FEDERAL GOVERNMENT DISCLAIMS AN OPINION AND LISTS MATERIAL WEAKNESSES IN INTERNAL CONTROLS

On March 31, 1997, under the requirements of the Chief Financial Officers Act and the Government Management Reform Act, the Secretary of the Treasury submitted the first set of consolidated financial statements of the U.S. government. The statements show an excess of liabilities over assets of \$5,003 billion (is that \$5 trillion?). The statement labels this minus amount a "net position" and not a net deficit. Excluded from the numbers in the balance sheet is any kind of actuarial liability for Social Security benefits and certain types of fixed assets, including natural resources, stewardship land, monuments, museum collections, and library collections. The net result of those omissions is anybody's guess. The statements are prepared using accounting principles developed by the Federal Accounting Standards Advisory Board.

As also required by those statutes, the U.S. General Accounting Office performed an audit of those consolidated financial statements. The Chief Accountant, Philip Calder, signed the audit report on behalf of the GAO, which disclaimed an opinion. In that disclaimer it stated "the amounts reported in the consolidated financial

statements and related notes do not provide a reliable source of information for decision-making by the government or by the public."

The GAO audit report (not including the financial statements themselves) is in keeping with the GAO's belief that audit reports should do a better job of communicating audit findings. Some 13 pages in length, it describes scope limitations, unreconciled differences, material weaknesses in internal control, and noncompliance with laws and regulations. There is a section, Year 2000 Computing Crisis that lists examples of possible serious consequences if the matter is not properly dealt with such as "the military services could find it extremely difficult to efficiently and effectively equip and sustain its forces around the world."

This audit is a major step toward fiscal responsibility on the part of the Federal government. What is disturbing is that the initial publication of the audit report did not get major coverage in the important newspapers and journals.

An in-depth analysis of the report is scheduled to appear in *The CPA Journal* during the summer months. A copy of the financial statements, including the GAO audit report, is available directly at the GAO's web site (www.gao.gov). There is also a link to the site from the news section of LUCA.com (www.luca.com). □

