

DRAFT RELEASE

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Contact: Jennifer I. Curtin, MPA

Director of Public Affairs, AGA

410.430.1785

jcurtin@agacqfm.org

AUDIT FEDERAL FINANCIAL CONTROLS: SOONER RATHER THAN LATER?

AGA Releases First in Series of Research Reports

Alexandria, VA – The Association of Government Accountants (AGA), today announced the publication of a research report titled, *Audit Internal Controls: Sooner Rather than Later?* The report documents the efforts of Congress, federal financial managers and others to improve the federal government’s internal controls over accounting and financial reporting.

AGA’s report looks at the issue of internal controls from the perspective of the federal government. The introduction of the Sarbanes-Oxley Act of 2002 has required private sector management to take responsibility for internal controls, and has led to a much more significant emphasis on controls that lower the chance of fraud, waste and abuse within an organization. Similar moves have yet to take place in the federal government.

Audit Federal Financial Controls: Sooner Rather than Later is the first in a planned series of studies covering areas of interest to the government financial management industry. “By reinvigorating efforts to provide this type of thought leadership, AGA is living up to its responsibility to work in the public interest,” noted AGA Executive Director, Relmond P. Van Daniker, DBA, CPA.

AGA’s report concludes that the overall status of internal controls over federal financial reporting is not good and efforts to legislate improvements have not produced the desired results. The discussion explores whether an audit of internal controls should be integrated with an audit of an entity’s financial statements, as mandated by the Sarbanes-Oxley Act for public companies. A conclusion is presented that merely upgrading existing controls may not be adequate to address the complex systems of government and cope with the changed ways in which federal departments and agencies do the public’s business.

AGA has long been a leader in promoting government accountability. AGA's 1985 study report titled, *Strengthening Controllershship in the Federal Government*, helped spur the Chief Financial Officers (CFO) Act of 1990, a law that revolutionized the way the federal government handles financial accounting and reporting. History may show that AGA's latest research report, *Audit Internal Controls: Sooner Rather than Later?*, may do the same thing by encouraging the establishment of management controls that detect and prevent waste, fraud and abuse.

The report is the product of a research project, sponsored by AGA Professional Corporate Partner Kearney & Company, and was directed by Cornelius Tierney, the author of the *Federal Accounting Handbook*. The report provides recommendations on internal control reports, applicable standards, and the need for leadership and timely action if change is inevitable.

To view the report, visit: www.agacgfm.org/research/downloads/CPResearchNo1.pdf

The Association of Government Accountants is a 15,000-member professional Association devoted to meeting the continuing professional education needs of financial managers at all levels of government, the private sector and academia. For more information about the Association, or the Certified Government Financial Manager (CGFM) Program, call 800.AGA.7211, or visit AGA's website at www.agacgfm.org.

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