

47. Financial Audit of State of Connecticut Clean Water Fund

TCBA performed the annual financial and single audits of the State of Connecticut Clean Water Fund. This \$500 million entity was formed by the State Government to fund the construction and/or improvement of wastewater and sewage treatment facilities and was funded jointly by state and Federal government appropriations. This engagement required an interim analysis of the Fund's financial condition and forecast financial position and the issuance of comfort letters to bond underwriters. The audits included a review of over 100 loans made to local jurisdictions.

48. Financial Audit of Federal Highway Funds for the Virgin Islands Government

TCBA was engaged in a joint venture with a St. Thomas, VI, CPA firm to perform an audit of U.S. Federal Highway Administration (FHWA) funds awarded to the Virgin Islands government to upgrade roads and bridges. Thirty-eight grants totaling more than \$50 million were audited. The audit was performed in accordance with *Government Auditing Standards*, and the results were presented to both the VI government and the FHWA.

B. FEDERAL GOVERNMENT AND QUASI-GOVERNMENT AGENCIES

1. Accounting Services for the U.S. Bureau of the Census

In response to external auditors and GAO findings, TCBA was retained by the U.S. Bureau of the Census (BOC) Finance Division to provide accounting and

financial management technical support services. The objective of the engagement is to assist the Finance Division in developing and implementing proper accounting and financial management practices including internal controls that are in accordance with generally accepted government accounting principles. This is a task order engagement, and two of the task orders awarded to date have been for accounting services. TCBA has had as many as 15 accountants on site at BOC.

TCBA has essentially become the outsourced accounting department for the BOC, reconciling general ledger and non-general ledger accounts. Accounting tasks performed by TCBA include the following:

- Validating the existing cost analysis and reconciliation procedures and documentation, and executing changes, as appropriate, based on sound accounting and internal control practices,
- Developing desk procedures and documentation for analysis and reconciliation of ten accounts,
- Reconciling general ledger accounts relating to the closing of the financial records,
- Reviewing and testing financial transactions relating to BOC's Automated Property Management System,
- Compiling BOC's year-end financial records and preparing the annual financial statements,
- Resolving reconciliation differences prior to month-end closings, and
- Performing monthly analysis of accounts, explaining any large or unusual variances.

2. Accounting Services for the Centers for Disease Control and Prevention

TCBA is providing accounting and consulting assistance to the Centers for Disease Control (CDC) in

Atlanta, Georgia, to ensure compliance with Federal legislation pertaining to the issuance of financial statements. TCBA is accounting for and reconciling property accounts, grants, and inter-agency contracts. TCBA is also developing electronic tools and designing management reports. In addition, TCBA is tasked with making recommendations for improvement in CDC's accounting and financial reporting functions.

3. Forensic Audit of the Oakwood Deposit Bank Company for the Federal Deposit Insurance Corporation (FDIC)

A TCBA team of former bank examiners and forensic auditors examined bank records and recreated transactions to assess the extent of fraud perpetrated at Oakwood Bank in Texas. The bank went into receivership to the FDIC when it was discovered that a massive and pervasive fraud had been perpetrated by a senior bank executive. The FBI also discovered a check kiting scheme operating at Oakwood. TCBA's responsibilities included investigating the misappropriation of funds, reviewing financial transactions, tracing funds, compiling reports and work summaries, and reviewing and analyzing documents pertaining to the bank's failure. TCBA traced more than 40,000 transactions that comprised the kiting scheme.

4. Financial Audit of the Federal Housing Administration

As a subcontractor, TCBA performs services on the annual audit of the Federal Housing Administration (FHA) for the Office of Inspector General (OIG), U.S. Department of Housing and Urban Development. The audit is conducted in accordance with the Chief Financial Officers Act, *Government Auditing Standards*, and other applicable guidelines and standards.

Tasks include reviewing and assessing receipts and disbursements, claims filed on defaulted loans, premiums, notes payable, allocation of budgetary resources, and compliance with applicable laws and regulations for the HUD Single Family and Title I programs. Tasks performed also include reviewing the budgetary resource allocation of FHA's appropriations and reconciling Fund Balance with Treasury for the HUD Single Family, Multi-family, and Title I programs.

5. Peer Review of the Department of Interior's Royalty Audit Function

The Minerals Management Service (MMS) of the U.S. Department of Interior collects, accounts for, and audits more than \$5 billion in royalties for oil and natural gas extracted from public lands. This includes offshore mineral leases and onshore mineral leases on federal and Indian lands. MMS has retained TCBA to conduct a peer review of its royalty audit function. MMS's royalty audit function operates primarily out of Lakewood, CO, with offices in Texas, Oklahoma, and other locations throughout the US.

Using criteria of *Government Auditing Standards* and guidelines issued by the President's Council on Integrity and Efficiency, TCBA assessed the quality control and operations of the audit function at five locations in Colorado, Texas, and Oklahoma.

6. Peer Review of the Office of Inspector General, Federal Communications Commission

TCBA conducted a quality control peer review of the Office of the Inspector General (OIG), Federal Communications Commission. Accordingly, TCBA assessed the OIG's quality controls in accordance with

Government Auditing Standards and the President's Council on Integrity and Efficiency. TCBA rendered an opinion on the OIG's quality controls, issued a Management Letter identifying areas needing improvement, and issued a letter assessing the OIG's policies and procedures in relation to the new Government Independence Standards. The Inspector General accepted all of TCBA's recommendations.

As part of the review, TCBA also assessed the financial audit of FCC performed by a Big Four accounting firm and suggested clarifications to the Statement of Budgetary Resources and inconsistencies in the footnotes to the financial statements.

7. Premium Compliance Review for the Pension Benefit Guaranty Corporation

TCBA has provided field premium compliance review support services to the Financial Operations Department and Collections and Compliance Division of the U.S. Pension Benefit Guaranty Corporation (PBGC). A major source of PBGC's income is the annual insurance premiums paid by covered pension plans. Premiums are based on a flat rate per plan participant and a variable rate for under-funded plans. Each covered defined benefit pension plan is required annually to file the PBGC Form 1 and pay any premium that is due. TCBA examined, tested, and validated all required filing information including participant determinations and the valuation basis of plan assets and liabilities as they relate to the calculation of the variable rate premium for the under-funded plans.

8. Internal Control Review of the Transportation Administrative Service Center

TCBA was retained by the U.S. Department of Transportation (DOT) Transportation Administrative Service Center to conduct an assessment of the internal controls of TRANServe operations. The internal control assessment incorporated applicable standards and guidance, including GAO's Standards for Internal Control in the Federal Government and the Office of Management and Budget (OMB) Circular A-123, which provides the specific requirements for assessing and reporting on controls.

9. Contract Audit and Review Services for Government National Mortgage Association (GNMA)

TCBA performed a contract audit and review of Automated Collection Services, Inc., the master loan servicer for GNMA's manufactured housing defaulted issuer portfolios. The portfolios consisted of over 5,000 manufactured housing loans acquired by GNMA from defaulted issuers. The loans secured publicly traded mortgage-backed securities guaranteed by GNMA and required the master loan servicer to collect and process all mortgage loan payments; make monthly security holder payments; and report pool remaining principal balances and pool amortization factors monthly. TCBA reviewed operations to ensure adequate controls existed at the contractor to protect GNMA's interests; that the contractor complied with all contract provisions; and that all services were properly billed in accordance with

the terms of the contract. The review covered the period January 2001 to June 2003 and resulted in a report with recommendations for improving internal controls and compliance with contract provisions.

10. TRANServe Fare Inventory for the U.S. Department of Transportation.

TCBA was retained to certify the annual inventory of DOT's multi-million dollar TRANServe fare inventory. Accordingly, TCBA reviewed internal controls, evaluated the interface with the new Oracle system, verified the inventory for Federal government workers nationwide, and validated financial data being incorporated into DOT's financial statements.

11. Policies and Procedures for the Federal Housing Administration

In association with a national CPA firm, TCBA assisted in developing a financial and accounting policies and procedures manual for FHA. The project team reviewed FHA's organizational structure, interviewed managers and other personnel regarding their roles and responsibilities, performed a review of the internal control structure, and determined that the procedures being followed agreed with generally accepted accounting principles. The team then documented the procedures in a policy manual for the FHA.

12. Accounting Services for the Organization of American States

TCBA has provided accounting services to the Office of the Inspector General of the Organization of American

States (OAS). The OAS is the oldest international organization in the world, was founded in 1910 to strengthen peace and democracy in the Western Hemisphere.

13. Accounting Services for the Federal Deposit Insurance Corporation

TCBA provided accounting and reconciliation services for failed institutions. Specific tasks included:

- Reconciling and clearing entries in three FDIC accounts.
- Producing journal entries and journal vouchers as needed to rectify the out of balance conditions within these accounts.
- Answering and correcting any tax reporting disputes received from debtors of those institutions. Researching, calculating, and correcting disputed tax issues.
- Researching outstanding general ledger items on the Daily Balancing Report and reconciling, correcting, and bringing into balance the exceptions with the Financial Information System.
- Reconciling and processing the investor accounting and remittance ledger items and supplying back-up documentation for the distribution of funds.
- Auditing, clearing and reconciling items held in the general ledger account and notifying responsible departments of the discrepancies.
- Ensuring reporting compliance by outside servicers within the guidelines of the agreements and notifying Credit Department of any violations of the agreements.

14. Accounting and Audit Services for the Resolution Trust Corporation

From 1992 to 1999, TCBA was one of the largest professional services providers to the Resolution Trust Corporation (RTC) during the resolution of America's Savings and Loan crisis. The RTC was formed by a mandate of the U.S. Congress to manage and liquidate failed Savings and Loan (S&L) institutions. TCBA was recognized by the RTC as a firm that could rapidly mobilize and deploy hundreds of personnel to any geographic location in the United States to assist in and often manage the day-to-day operations, assets sales, audit, review, account for, reconcile or convert systems and assets for any failed S&L to the RTC.

Highlighted below are a few of the engagements performed by TCBA for the RTC:

- Audited adjustable rate mortgage loans totaling over \$2 billion from numerous failed institutions.
 - Performed accounting and reconciliation of over \$52 billion in asset areas and securitization transactions involving over 700,000 residential, multi-family, consumer and commercial loans sold or securitized through RTC's securitization and asset disposition programs.
 - Audited numerous large financial institutions with more than \$3 billion in assets for compliance with RTC's policies and procedures.
 - Performed Internal control review for RTC's regional offices and agency-wide invoice processing system.
 - Conducted tests of appraisal review procedures, accounting and financial reporting, auction and sale of assets.
- Performed financial and compliance audits, including internal control reviews of RTC's asset and property managers, loan servicers, and underwriters. All audits were performed in accordance with *Government Auditing Standards*.
 - Performed EDP conversions of receivership accounting records to RTC's system
 - Provided accounting and reconciliation services for numerous multibillion dollar failed institutions, as part of a project to identify, classify and correct entries to RTC's Financial Information System.
 - Performed EDP systems audit for RTC in compliance with FMFIA
 - Performed accounting and reconciliation services at numerous failed institutions.
 - Performed due diligence services and related accounting and audit services on over \$20 billion of RTC whole loan sales, securitization and asset sales transactions.

From 1992 to 2000 (when the RTC was transferred to the FDIC), TCBA rendered over 800,000 hours of professional services to the RTC, making this agency the Firm's single largest client.

C. NONPROFIT ORGANIZATIONS

1. Accounting Services and Other Assistance to AARP

TCBA is providing AARP's Chief Financial Officer and Controller a variety of accounting and other professional services. Initially, TCBA evaluated AARP's internal controls and policies and procedures. This resulted in a continuing engagement for TCBA to develop new policies and procedures to improve AARP's internal con-