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ADDRESS BY THE
COMPTROLLER GENERAL OF THE UNITED STATES
ELMER B. STAATS
BEFORE THE FINANCIAL MANAGEMENT INSTITUTE
OF THE PUBLIC SERVICE OF CANADA,
OTTAWA, CANADA, SEPTEMBER 26, 1974

"RECENT DEVELOPMENTS IN FINANCIAL MANAGEMENT
IN THE UNITED STATES"

My purpose today is to provide what might be termed a progress report on what is happening--and what we are attempting to accomplish--in the area of financial management in the United States. In touching on several aspects of this subject, I hope to provide a basis for dialogue over the next two days to which I look forward, recalling the many profitable discussions which I have had on a variety of subjects over the years both here and in Washington.

My first visit to Ottawa took place in 1941. I came here to learn what I could and to compare U.S. and Canadian experience in controlling prices and in dealing with commodity shortages--topics which are high on the agenda of both our governments today. From officials like Arnold Heeney and Donald Gordon, I learned much and obtained my first insight and admiration for the calibre of the Canadian public service. I have learned much from my friends in Canada since that time and know that I shall go home from this meeting with new insights which will serve me well.

One of the anecdotes about Canada which we, south of the border, enjoy, concerns an American couple who were crossing this country for the first time in one of your splendid trains--splendid by our standards, anyway. They were at that point on the prairie when one wonders if that is the end of things when the train stopped at a station. "Go ask somebody where we are," the

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wife said. The husband did so and the answer from a man on the platform was this: "Saskatoon, Saskatchewan." That is all he said. The husband returned and told his wife. "I don't know where we are, they don't speak English here." So I will do my best in speaking this morning to use plain, simple words on a pretty technical subject being well aware, of course, as Professor Henry Higgins says in "My Fair Lady" that in America we haven't used English for years.

FINANCIAL REPORTING

I begin with the subject of financial reporting. Whether we are talking about government operations or industry--financial management rests largely on the availability of reliable information. Managers need *regularly reported* information for internal use in carrying out their responsibilities. In turn, they are responsible for informing outsiders on their operations. Obviously, the principles and standards on which such reporting is based are important.

My good friend, Ralph Kent, President of the Financial Accounting Foundation, has given us a clear definition in these words:

"Accounting standards used by business enterprises in reporting their operations are important to shareholders, credit grantors, governmental agencies, and the public at large. Public confidence in these reports must be assured if a system dependent on broadly based capital investment is to function properly."

Generally, I take the view that the quality of reporting on the financial operations of American business is as good or better than anywhere else in the world. However, that is not to say that there are not many problems that beset current day corporate financial reporting in the U.S.

Some of these problems have come about as a result of the increasing size and scope of business operations and the increasing complexity in business practices and organizations. An example is the evolution of multinational enterprises and what is sometimes called conglomerization. Other problems have evolved as a result of questions as to whether existing accounting principles and standards are adequate to cope with the realities. Then, too, there have been incidents of inadequate auditing that have created serious questions in the public mind as to the reliability of what is reported. The Equity Funding Case is becoming a celebrated example.

For many years the Accounting Principles Board--an arm of the American Institute of Certified Public Accountants--took responsibility for defining acceptable accounting principles for corporate financial reporting. This board did make some progress in a difficult area of operation. However, doubts grew as to its ability to effectively cope with the growing volume of problems needing attention. In part these doubts were fueled by recognition that the part-time board members were mostly members of public accounting firms who were actively engaged in audits of financial statements of companies whose practices were directly affected by the decisions of the board.

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These doubts led to the creation of a special study committee chaired by a former commissioner of the Securities and Exchange Commission--Francis Wheat--to make a thorough study of the machinery for establishing accounting principles and to make recommendations for improvement. That study group completed its work in 1972 and recommended the establishment of a completely independent organization which was promptly created. This is the now well-known Financial

Accounting Standards Board. The board has 7 full-time members and a staff to take the lead in developing and refining accounting standards. It got underway last year and chose several difficult but pressing accounting problems to resolve.

This is not the occasion to review in any detail the work of that board. It is quite active and a great deal of public information about its operations is available. Its field is a difficult one. New as it is, the Financial Accounting Standards Board already has come in for criticism:

--from some quarters for not moving fast enough;

--from others for responding to such criticism and not delving far enough into troublesome issues.

THE SECURITIES AND EXCHANGE COMMISSION

Another organization deeply concerned with corporate financial reporting is the Securities and Exchange Commission. This Federal agency is charged with regulatory authority for protecting the interests of the public and investors against malpractices in the securities and financial markets.

I couldn't begin here to outline the scope of its operations adequately but it definitely is a factor in the quality of financial reports issued to the public by private enterprises. The Securities and Exchange Commission has authority to prescribe accounting principles and standards for private enterprises but does not do so. As a matter of policy, it prefers to leave this job in the hands of the accounting profession. However, it keeps a close eye on this work and it issues many statements that have a strong impact on reporting practices.

The Securities and Exchange Commission also has a pronounced impact on the work of public accountants who express opinions on the financial reports of private enterprises. This segment of the accounting profession has come in for its share of discomfort in the last few years as a result of law suits filed by disgruntled shareholder groups claiming that they were misled as a result of negligence by the auditors. Only last week an appeals court in Chicago ruled that one of the Nation's largest accounting firms could be judged an abettor to a fraud if its audit missed something important because of lack of due care and ordered a trial to rule on this question.

As is true of so many events these days, a few cases involving law suits get national and even international publicity. These create a serious degree of adverse opinion whereas the thousands of cases of good practice escape public notice almost entirely. Nevertheless, we all learn more from our critics than from those who praise us. Where law suits have occurred, the charges have been studied in depth and the practices that led to the charges have also received penetrating attention. This has been healthy even though uncomfortable to some members of the accounting profession, particularly some of the large public accounting firms.

The present Chief Accountant of the Securities and Exchange Commission, John Burton, not long ago characterized 1974 in the United States as the year of the auditor. He was referring to the fact that the auditing profession must look inward at some of its policies and practices and do a better job of protecting the public. He identified such problems as:

- The need for improved quality control and the problem of professional discipline.
- The need to reconsider the historic posture of CPAs that detection of fraud is not what they as auditors are responsible for finding.
- The need to assume greater responsibility for reviewing all public financial reporting of companies--not just year-end reports or those related to financial operations.
- The question of independence of auditors, particularly the lack of appearance of independence that comes about because the auditor is paid by his client.

As the independent auditor in our Federal Government, we in the General Accounting Office are much interested in these concerns: In part because of their relationship to the whole subject of protecting the public through independent checking and full disclosure. And in part because more and more independent public accountants are involved in making audits of government operations at State and local levels where, in recent years, there have been large infusions of Federal funds through outright grants and revenue sharing.

THE FEDERAL TRADE COMMISSION

Line-of-Business Reports

I turn, briefly, to a higher controversial development this year involving the Federal Trade Commission. Under a recently enacted law, a U.S. regulatory agency may not conduct, or sponsor, collection of identical information from 10 or more persons or organizations unless the Comptroller General has made sure that certain precautionary requirements have been met such as ascertaining that the forms and plans for collecting information impose only a minimum burden upon business and are appropriate for the purpose intended.

Earlier this year in March, the Federal Trade Commission requested GAO's approval of a request for detailed financial and profitability information on the domestic operations of an estimated 500 large U.S. corporations by product categories, commonly referred to as the annual Line-of-Business Report.

We solicited written comments on this request from interested persons, organizations, public interest groups, and businesses. We found a broad spectrum of support for the general concept of line-of-business or product line reporting but strong opposition to the specifics of the Federal Trade Commission's Line-of-Business Report.

We subsequently approved the Commission's proposal, limiting approval for the 1973 and 1974 reporting years, realizing that many areas of misunderstanding, lack of information and disagreement remained. There were cost estimation problems for companies concerned and uncertainties, misunderstandings and disagreements regarding the reliability of the information which will be collected. These problems, like the cost disagreements, seemed to us to be due largely to inadequate communication and exploration between the Federal Trade Commission and affected businesses.

The data reliability problems will make the initial responses to the Line-of-Business Reports questionable in our judgment. The cure to these problems is simple but difficult to bring about. What we see as needed is extensive face-to-face discussion between informed Federal Trade Commission representatives and informed business representatives, for joint learning and resolution or compromise of the dilemmas. To be useful, these discussions need to be conducted on the premise that their purpose is to find the best solution, not to continue to debate whether the data should be collected.

THE COST ACCOUNTING STANDARDS BOARD. U 30

Let me now turn to the work of the Cost Accounting Standards Board of which, by law, I am the chairman. This five member Board was established in August 1970 for the primary purpose of achieving the objectives of uniformity and consistency in accounting for the costs of negotiated defense contracts. Thus, the purpose was to have contractors account for the same kinds of costs incurred in like circumstances in the same way as well as requiring them to account for their costs in a consistent manner from one time period to another. The Board does not prescribe accounting systems but rather sets out criteria and standards that must be met in accounting for costs under Government contracts.

A specific requirement of the 1970 law deals with the disclosure of cost accounting practices by contractors. The law requires that contractors state in advance, in writing, what practices they intend to follow under their contracts and also requires that the contractor indeed follow these practices. Negotiated awards by all Government agencies exceeding \$100,000, if not otherwise exempt, are subject to the Board's Standards.

So far, in the short period of its existence, the Board has:

- Designed a Disclosure Statement to comply with the disclosure requirements of the law described above. We have made this requirement applicable initially only to the largest defense contractors and to date have received about 1,200 Disclosure Statements from corporate organizations.
- Promulgated Seven Standards now in effect. These deal with requirements for consistency in estimating, accounting, and reporting the manner in which costs are charged to contracts; the allocation of corporate home office expenses; capitalization of tangible capital assets; accounting for unallowable costs; designation of a cost accounting period; and the use of standard costs for direct material and direct labor.

An eighth standard covering compensated personal absence was sent to the Congress last week and will become effective, if not rejected by both houses of the Congress, after 60 days of continuous session.

--Published its Statement of Operating Policies, Procedures, and Objectives. This Statement sets out what the Board understands its charter to be and explains the goals it has established to meet the requirements of the law.

--Granted Exemptions from Compliance with its Standards only in a few instances to classes or categories of contractors where the Board has been convinced that it is in the best interest of all concerned.

The Board has currently in various stages of research and development, standards on 15 additional subjects. Of course we have been faced with, and continue to face, a number of problems. For example, we have been criticized for writing standards that are too detailed. We have been criticized also for not being sufficiently specific in our standards. We try to write standards that deal with various subjects in a way that recognizes that contractors may follow different accounting practices in different circumstances. We receive comments on all of our proposed standards from contractors, Government agencies and other authoritative bodies having similar responsibilities. In many instances, the Board has had informal but detailed meetings with interested groups and contractors to assure us that we understand their position.

Mention of the operations of the Financial Accounting Standards Board, a few moments ago, suggests that you may be curious as to how its work ties in or relates to the work of the Cost Accounting Standards Board. The Cost Accounting Standards Board, on the one hand, is charged with developing and promulgating cost accounting standards for use in the negotiation and administration of government contracts. The Financial Accounting Standards Board,

on the other, is concerned with financial accounting standards for application in corporate financial reporting. Obviously, there are situations where the work of the two boards will meet head-on. The accounting for research and development costs, for example, is on the current working agenda of both boards and on which we are exchanging views and information. Such costs are obviously not only a cost accounting matter but a concern of the financial accountant as well.

Our objective in the Cost Accounting Standards Board is to cooperate fully with the Financial Accounting Standards Board on all matters of possible mutual interest. The staffs of the two boards meet from time to time to exchange research data and to discuss the accounting concepts of proposed standards.

And both boards recognize that the public interest would not be served by issuing divergent requirements on the same subject unless it is clear that the objectives of cost accounting and financial accounting differ with respect to a particular subject.

THE TRUEBLOOD STUDIES

Another project bearing on financial reporting completed about a year ago was the comprehensive study by the late Robert Trueblood on the objectives of financial statements. This study identified 11 major objectives of financial statements. The study group's report probably has not gotten the public attention it deserves, but it is the kind of report that will get quiet and deliberate study in the months and years ahead by the Financial Accounting Standards Board and other serious students for whatever light it can shed on the kind of financial reporting that industry should be working towards.

The Trueblood group did not forget about the responsibilities that government managers also have for financial reporting. It noted that managers of government organizations are also accountable for their performance and attainment of goals and therefore reporting on such accountability is just as important for them as it is for commercial enterprises. Accordingly, they said that an objective of financial statements for governmental organizations is to provide information useful for evaluating the effectiveness of the management of resources in achieving the organization's goals. They also said that performance measures should be quantified in terms of identified goals.

This objective is a challenging one and one which governments--at all levels--have a very long way to go to achieve. To complicate the problem further, we believe even this broad objective may not encompass all of the pertinent objectives for such financial statements when consideration is given to the many different types of organizations, funding arrangements and purposes involved in governmental activities. We are encouraging activities of several organizations of governmental accountants toward further definition of the objectives of governmental financial statements with the hope that their work will produce objectives which we can have greater assurance will cover the full spectrum of needs for financial data on governmental organizations.

And that leads me to mention the status of accounting in our Federal Government.

U.S. GOVERNMENT APPROVAL OF ACCOUNTING SYSTEMS

As Comptroller General, I am responsible for approving the accounting systems used by Federal executive agencies. Under the law, I must prescribe principles, standards, and requirements for accounting to be observed by each agency. I approved those systems when they are in conformance with these standards.

Approval of an agency's accounting system is given in two steps:

--A statement of principles and standards first is approved.

--Then the design of a system is approved.

After systems are in operation, we review them from time to time to see if they are operating in accordance with the approved design and if they are effectively serving the needs of management.

As of June 30, this year, there were 284 Federal agency accounting systems subject to approval. We had approved the principles and standards for 98 percent and the detailed design for 43 percent of the systems. Our timetable contemplates approval for all systems by 1980.

Our concern in examining accounting system designs is that the systems do four things:

--provide full disclosure of financial results,

--produce adequate financial information needed for effective management,

--control and account effectively for all assets, and

--serve as the basis for preparing budget requests and controlling budget execution.

In order to attain these objectives, which were prescribed by law nearly 25 years ago, an accounting system must provide for recognition in an agency's books and records of the significant and accountable aspects of financial transactions as they occur. This means accrual accounting.

The accrual basis of accounting--long accepted as standard practice in industry--can contribute materially to effective financial control over costs of operations and is essential to the development of cost-based budgets.

With the profit motive lacking in most government operations, there is need for a substitute. That substitute can be effective cost-based operating budgets so that planned operating costs and units of performance can be regularly compared with actual costs and units of output. There is no good substitute for cost-based budgeting and cost reports to provide the financial information needed for effective management.

REVENUE SHARING

In 1972 the Federal Government began a 5-year program of financial assistance to the 50 State governments and about 39,000 local governments including counties, townships, and municipalities. The program is commonly called General Revenue Sharing. The U.S. Treasury distributes about \$6 billion each year to these governments according to a formula that considers population, tax revenues, and per capita income.

Revenue sharing is a radical departure from grants for specific purposes, commonly known as "categorical grants" such as subsidized school lunches and hospital construction.

Under revenue sharing, a government can use Federal funds for almost any function that it is authorized to finance with its own revenues with a minimum of Federal audit or fiscal controls. Revenue sharing funds automatically are disbursed to eligible governments each quarter without the often lengthy application and approval process or the stringent administrative requirements that are applicable to grant assistance. So, you see, revenue sharing in effect has shifted to a large degree to officials of State and local governments the authority to decide what should be accomplished with Federal assistance.

The revenue sharing program has been in existence for less than two years. Already certain concerns about the results of the program are beginning to surface. The most frequently stated criticisms include:

- The funds are not being directed primarily to the governments that have the greatest need. Although the formula attempts to react to need by giving more funds to the governments whose citizens have low per capita incomes, critics state that the large central cities should receive more funds because they have the most pressing problems.
- The funds are used too frequently to reduce local taxes or to finance capital projects. Critics believe the funds should be directed toward social programs which improve the status of economically or physically underprivileged citizens.
- By allowing all governments to participate, revenue sharing inhibits the trend that was occurring to reduce the number and responsibilities of marginal governments which provide limited services. Critics state that revenue sharing as a new source of revenue has eliminated the incentives that existed for marginal units of government to consolidate.

GAO is expressing these concerns, and others, in reports on these programs. The Revenue Sharing Act expires in December 1976 and extensive congressional debate on its renewal is expected in 1975.

IMPROVED STANDARDS FOR GOVERNMENT AUDITING

Great changes--some refer to it as a mild revolution--in governmental auditing in the United States are underway. The changes I refer to relate principally to the scope and objectives of audit work.

Auditing used to be considered mainly the province of the accountant and its objective was to check the regularity of financial transactions, compliance with applicable laws and regulations, and reliability of financial reports.

The scope of auditing is no longer that restricted nor is the practice limited to accountants. As it is practiced in many parts of government throughout the United States, auditing today is concerned not only with these earlier and important concerns but also with whether desired results are being achieved and if efficiency and economy is practiced in attaining those results.

Audits of this scope are far more complex and far more challenging to the auditor than audits of financial operations, and they require a far broader range of skills to perform.

The initiative for this change in audit scope did not come solely from auditors. Also important was the interest of legislators and government management officials in whether efficient and economical practices are being followed in pursuing prescribed goals and whether those goals are being achieved.

What is expected of the modern-day government auditor in the United States has, at my request, been spelled out by the GAO in a statement of comprehensive audit standards for government operations. These standards specifically provide that audits of a government program, function, activity, or organization should encompass:

- the examination of financial transactions, accounts and reports including compliance with applicable laws and regulations;
- review of efficiency and economy in the use of resources; and
- review of program results and determination as to whether desired objectives are being achieved.

Needs of all potential users of audits rarely will be met unless this full audit scope is performed.

We in GAO and other Federal auditors had been making audits of this scope for many years. However, audits at State and local government level were more restricted. There was no common agreement on the kind of auditing needed for governmental programs.

This lack of agreement and a framework of guidelines of audit performance was hindering cooperation between Federal auditors and State and local auditors. Thus, we decided to formalize and publish standards for conducting audits of government operations and programs that would be applicable for use at all levels of government in the United States.

These standards, published in 1972, have been adopted for auditors in all Federal agencies. Many State and local audit organizations have voluntarily adopted them. An Intergovernmental Audit Forum has been established--made up of Federal, State, and local officials--to obtain common understanding and encourage adoption of these standards.

Outside of government the American Institute of Certified Public Accountants has expressed its general agreement with our standards for use of public accounting firms who audit State and local operations. We have also been fairly successful in gaining general acceptance of the concepts by public interest groups.

EXPANSION AND UPDATING OF STAFF
QUALIFICATIONS

In addition to providing for a broadened scope of audit, our standards also provide for the use of a variety of needed professional skills. Many of today's audits involve the output of a diversity of skills. Thus, the trick is to bring together the right type of skills so that the job can be done both efficiently and well. If accounting data is to be evaluated, for example, then an accounting-trained auditor is called for. If engineering data is to be evaluated, the auditor must have sufficient engineering skill to deal with the data. And so forth.

In recent years, we in GAO have been hiring persons having academic and work-related backgrounds in a wide variety of fields. Our multidiscipline teams often include lawyers, actuaries, cost-benefit specialists, mathematicians, engineers, social scientists and many others. As necessary, we draw upon a large roster of consultants ranging from systems analysts and medical doctors.

In addition to needing an audit staff with a wide variety of professional backgrounds, GAO staff are encouraged to continue their education by participating in formal programs of learning. Both the American Institute of CPAs and the National Association of State Boards of Accountancy in recent years have urged, in formal resolutions, that continuing education--programs which contribute directly to updating and enhancing the professional competence of an individual after he has become a CPA--be supported by law or regulation as part of the CPAs professional expertise.

Bills which authorize the state board of accountancy to prescribe and enforce continuing education requirements have passed both houses of the legislature and await the Governor's signature in Ohio and South Carolina. Affirmative action on these measures will bring to fourteen the number of states with accountancy laws which provide for required continuing education.

My experience has convinced me that in government, auditing of the scope we recommend is not only useful, but is essential to assure that limited financial, human and natural resources are judiciously applied by government in the protection of citizens and promotion of their general welfare. However, this same experience causes me to urge caution in assuming that accomplishment of broad scope audits is easy. Nor is it easy to develop and combine the multidisciplinary skills into effective working teams. Better organization, more planning and more training of personnel are needed than in traditional financial and compliance audits. In many respects it is a different ball game and requires quite a long transitional period to bring this about but I am convinced that it is the wave of the future.

CONGRESSIONAL BUDGET REFORM

During the past year or so, the U.S. Congress has been stimulated by struggles with the executive branch over issues ranging from Watergate to the impoundment of appropriated funds. The Congress has become increasingly aware of its need to improve its performance in reviewing budget priorities and determining tax and expenditure levels.

The congressional action that I want to particularly mention is the Congressional Budget and Impoundment Control Act of 1974. The Federal budget is the most important single tool for planning, management, and control of United States Government programs, and it is certainly timely for the Congress to improve its ability to use the tool. This law is the most recent and most carefully thought out effort by the Congress to deal more effectively with the Federal budget. It is the most significant legislation in its field in more than 50 years, in fact, since the Budget and Accounting Act of 1921.

The new law requires the Congress, for the first time, to take a top-down look at the budget--to look at the whole and the relationship between income and out-go as well as at component pieces.

The Act establishes Budget Committees in both houses of Congress as well as a new Congressional Budget Office. It stipulates a Congressional Budget Process--with a timetable of the actions in each House and a statement of relationships of the process, the Budget Committees, and the Congressional Budget Office to Appropriations and other congressional committees and offices.

The Budget Committees have now been appointed and have already started to hold hearings. They are in the process of selecting their staffs, and the director and key staff of the Congressional Budget Office should be selected soon.

The enactment of the Congressional Budget and Impoundment Control Act and the appointment of the Budget Committees are only the first two steps in a long, difficult, and complex process, but the evidence to date is that the Congress is dead serious in its effort to deal more effectively with the Federal budget. I have offered my personal support as well as the full support of the General Accounting Office to help achieve objectives of this legislation.

The Legislative Reorganization Act of 1970, in addition to dealing with congressional reorganization, required the General Accounting Office to increase its efforts to meet the information needs of the Congress. Along with its feeling of loss of control in other areas, the Congress has expressed growing concern that the information readily available to it was not adequate to enable the Congress to do its job. The problem has been regarded as particularly acute in the budget and appropriation areas. To a considerable extent, the problem is not one of the information not being available, or of censoring or restriction of information, but rather is a problem of having information available in the right form, in the right place, and in the right time. In these terms, the problem is an information management problem rather than a freedom-of-information problem.

In recognition of this need, the new act directs the Comptroller General, in cooperation with the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Director of the Congressional Budget Office, to "develop, establish, maintain and publish standard terminology, definitions, classifications, and codes for Federal fiscal, budgetary and program-related data and information."

The act also directs the Comptroller General, in cooperation with the same officers, to "develop, establish and maintain an up-to-date inventory and directory of sources and information systems containing fiscal, budgetary and program-related data."

The size and complexity of the United States and the consequent size and complexity of its Federal Government make the task of constructing and maintaining records which tell promptly and adequately where we are, and what and how we are doing, equally large and complex. But it is essential that we know what we are talking about when we talk about agriculture, or health, or housing; that we be able to accurately associate dollars, workload, and man-hours; and that we be able to do this more promptly than we now can. We are working on this task in cooperation with other legislative and executive agencies concerned, and are hopeful about the results.

The development of an effective congressional budget process also carries with it certain other implications for the General Accounting Office. As the Congress conducts its budget reviews under the new

procedure, it will be increasingly concerned with forecasting-- forecasting the implications of executive and congressional budgets and of alternatives thereto, for example. Also, it will want to know, with as much precision as possible, the broad areas of budget controllability so that it can consider the possibilities and consequences of budget adjustments. Further, it will wish regular GAO reports, surveys and studies to be synchronized with the budget review schedule in time, format, and priority.

Many of these tasks are not completely new. Auditing for program results and the evaluation of Federal programs has been a growing part of GAO's efforts for many years. Likewise, our concern with improving the information base of the Congress is of several years' standing. However, the specificity and emphasis of the new law gives greater impetus to these efforts. The Federal budget is far more than a bookkeeping or an accounting document. It is a national plan, expressing in dollars the policies of our Government for the years it covers. When added to State and local government budgets, it represents one-third of our Gross National Product. It is also a means of setting priorities within and controlling the operations of the Government.

It is difficult to draw any overall conclusions from the variety of subjects on which I have touched today but, if there is a central theme or common denominator, it is that we are going through a period of highly significant change. I see reflected in these developments

greater interest in disclosure of financial information and in demand for greater accountability, not only with respect to financial integrity, but for performance of both private and public institutions as well. The growing interrelationship between government and business means that the private sector will insist on greater accountability and improved results from the public sector. At the same time, government will, directly or indirectly, insist that the private sector provide the public with the kind of information needed to discharge what is rapidly being labeled "the social accountability of business." This is the direction which we are trending and I think we are all certain to benefit from it.