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## COMMODITY FUTURES TRADING COMMISSION

Whether and how interim final rules governing the offer and the sale of certain leverage transactions could be amended to encompass certain "short sales" of leverage transactions is the subject of a solicitation for comments by the CFTC (see the 3/8/84 Fed. Reg., pp. 8624-26). The interim rules were adopted by the Commission on 1/16/84 and will generally become effective 4/13/84. The amendments under consideration would modify the definition of leverage contract to include the sale of leverage contracts for the delivery of commodities by customers to leverage transaction merchants, "short sales." Comments are requested by 3/28/84. For additional information contact David Merrill at 202/254-9880.

## EDUCATION, DEPARTMENT OF

The Department of Education has recently clarified its position on the Student Financial Aid (SFA) audit requirements for post-secondary institutions, according to Mitchell Laine, Assistant Inspector General for Audit. For the period ending 6/83, DOE is accepting audits done in accordance with the Campus-based and Pell audit guides, the August-September 1981 OSFA Bulletin or the May 1983 draft SFA guide. The A-110 pilot audits will also be accepted. For the period ending 6/84, the new SFA audit guide must be followed. The new regulations are scheduled to be published in March 1984. Presently, work is continuing on a government-wide audit requirement. Proposed Attachment P to OMB Circular A-110 is scheduled for release during the summer of 1984. It appears likely that the audit requirements contained in Attachment P will be effective for the period ending 6/85. Mr. Laine noted that the policy on independence is that DOE will not certify any new internal audit staffs, but will continue to accept reports from internal audit staffs previously certified. Once Attachment P becomes effective, DOE will adopt the policy established, which is to only accept audits by independent auditors.

## FEDERAL DEPOSIT INSURANCE CORPORATION

The withdrawal of a proposed rule which would have required that insured savings banks modify the basis upon which Reports of Condition and Income are prepared was recently announced by the FDIC (see the 3/5/84 Fed. Reg., p. 8022). Originally proposed in June 1982, the rule contained two major provisions, current value-based accounting and loss deferral accounting. Current value-based accounting would have required all debt and equity securities acquired after 1/1/83 to be marked to market on a quarterly basis. The loss deferral provision would have allowed insured savings banks, effective 1/1/83, the option to defer losses on the dispositions of financial assets acquired prior to 1/1/83 (see the 6/21/82 Wash. Rep.). For additional information contact Paul L. Sachtleben at 202/389-4761.

## GENERAL ACCOUNTING OFFICE

Support for the reconstitution of a Cost Accounting Standards Board, but not within the Department of Defense, was expressed by U.S. Comptroller General Charles A. Bowsher, in testimony on 3/7/84 before a House Banking Subcommittee. During the early portion of his remarks, Mr. Bowsher reviewed Public Law 91-379 which "established the Cost Accounting Standards Board to promulgate cost accounting standards for the purpose of assuring proper cost allocations under negotiated national defense contracts." In opposing a new CASB function within the Department of Defense, Mr. Bowsher cited two concerns: independence of the Board from the "influences associated with the procurement process," and the inability of a CASB within DOD to affect additions, deletions, and changes to the procurement regulations of NASA, DOE, and GSA, if one or more of those agencies found itself unwilling or unable to adopt a DOD Board ruling. Consequently,

according to Mr. Bowsher, the "resulting diversity would impact adversely on the uniformity and consistency of contractor accounting practices." Mr. Bowsher then testified on two options which the GAO could support. The first option would be new legislation to empower the Comptroller General to perform duties and functions similar to those of the Board. Under a second option, the Comptroller General's issuances would be advisory, with each agency annually reporting to the Congress why any standard was not followed.

#### LABOR, DEPARTMENT OF

Mr. James B. Miller, CPA, a partner with Deloitte Haskins & Sells Pittsburgh office, was recently appointed to the U.S. Department of Labor's Advisory Council on Employee Welfare and Pension Benefit Plans. Mr. Miller's appointment was announced by Labor Secretary Raymond J. Donovan, and will run until 11/14/86. This Advisory Council was established under the Employee Retirement Income Security Act of 1974 (ERISA), to advise the Secretary of Labor with respect to carrying out his functions under the Act and to submit related recommendations. Mr. Miller has been a member of the AICPA since 1961.

#### OFFICE OF MANAGEMENT AND BUDGET

OMB Circular A-122 is to be the subject of a 3/14/84 hearing by the Senate Committee on Governmental Affairs, chaired by Senator Dave Durenberger (R-MN). According to a 3/8/84 Committee news release, the "Office of Management and Budget's controversial revisions to Circular A-122, 'Cost Principles for Nonprofit Organizations,' will be examined." The release continued: "The A-122 proposals prohibit reimbursement of lobbying expenses under Federal grants and contracts. Concern over the current proposal is that it restricts non-political communication between grantees and contractors and members of Congress. Also under consideration at the hearing will be Senate Bill 2251, sponsored by Senator Durenberger, which is designed to address this and other concerns with respect to A-122." Among those scheduled to testify are Joseph Wright, Deputy Director of the Office of Management and Budget, and Milton Socolar, Deputy Comptroller General of the General Accounting Office. This hearing will be held on Wednesday, 3/14/84 at 10:00 a.m. in Room SD-342 of the Dirksen Senate Office Building.

#### PENSION BENEFIT GUARANTY CORPORATION

Reduction or waiver of complete withdrawal liability is the subject of a proposed rule by the Pension Benefit Guaranty Corporation (see the 3/5/84 Fed. Reg., pp. 8036-48). This proposed regulation, if adopted, would provide rules for reducing or waiving the liability of an employer that has completely withdrawn from a multiemployer plan and subsequently resumes covered operations or renews the obligation to contribute under the plan. Comments are requested by 5/4/84. For additional information contact J. Ronald Goldstein at 202/254-4862.

#### SECURITIES AND EXCHANGE COMMISSION

The SEC's budget request of \$104,683,000 for 1985, as approved by President Reagan, provides for an increase of 21 permanent positions, according to SEC Chairman John S.R. Shad in testimony before the Commerce, Justice, State, and the Judiciary and Related Agencies Subcommittee, Senate Appropriations Committee, on 2/7/84. Appearing before the Subcommittee which was chaired by Sen. Warren B. Rudman (R-NH), Chairman Shad repeated his belief that if a significant number of banks, approximately 10%, begin to engage in securities activities, the SEC will require additional funds from Congress to meet its increased responsibilities. In a chart depicting actual costs for 1983, program for 1984, and estimate for 1985, positions in the SEC's Enforcement Division will increase from 189 in 1983 to 195 positions in 1985. In the Corporate Finance area, personnel will increase from 263 in 1983 to 281 in 1985. Chairman Shad also explained that the SEC expects to collect 114% of its operating revenues from fees. This \$8 million net increase in revenue from 1984, according to Shad, is attributable to the anticipated continued growth of trading volume on the securities exchanges and an increase in the volume of shares registered with the Commission.

Total individual income tax decreased in 1982 for the first time since 1970 according to the Winter 1983-84 Statistics of Income Bulletin. According to the Bulletin, much of the decrease was attributed to the second year of the 1981 tax cut legislation combined with a dramatic increase in the amount of income placed into individual retirement arrangements (IRRSs). Copies of the Bulletin, Publication 1136, may be obtained for \$4.75 by contacting the GPO at 202/783-3238.

Tax return preparers will be affected by final amendments relating to certain sections under the Internal Revenue Code (see the 3/8/84 Fed. Reg., pp. 8601-8602). The first amendment deals with Code section 6107(b), which relates to the retention of records of income tax returns prepared by a corporation or a partnership as an income tax preparer. The revision seeks to provide that where the corporation or partnership is dissolved before the three year period of retention has expired, the duty to retain the records falls upon the persons responsible for winding up the affairs of the corporation or partnership. If no persons are designated under state law, the duty lies with the directors of the corporation or the general partners of the partnership collectively. The second revision concerns Code section 7216(b), which governs disclosure to grand juries of income tax return information by the preparers of the returns. The amendment provides that the penalty provision of section 7216(b) will not apply to disclosure or use of information by preparers of returns if the disclosure is made pursuant to provisions of the Code or court order. These amendments are effective on 4/9/84. For additional information contact Mary Frances Pearson at 202/566-3289.

SPECIAL: HEARING ON MULTIYEAR CONTRACTS SCHEDULED

A hearing to consider legislation which would permit federal agencies to award multi-year contracts for goods and services will be held on Tuesday, 3/13/84 in Room 342 of the Dirksen Senate Office Building by the Governmental Affairs Subcommittee on Oversight of Government Management. This hearing, on the Civilian Agency Multiyear Contracting Act of 1984, S. 2300, "continues the Oversight Subcommittee's efforts to reform federal procurement practices," according to Subcommittee Chairman Senator William Cohen (R-ME). Last year, according to Sen. Cohen, the federal government awarded contracts worth more than \$175 billion. Procurement reforms, including multiyear contracting, can achieve significant economies, the Senator continued. Witnesses include Donald E. Sowle, Administrator of the Office of Federal Procurement Policy and Ray Kline, Acting Administrator of the General Services Administration.

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