

Jennifer Curtin

Subject: AGA TOPICS, Special PDC Edition, July 1, 2004**Highlights****Thank You to the PDC Technical and Host Committees!**

The success of AGA's PDC is tied directly to the outstanding work done by the volunteer Technical and Host Committee members. Over the next two weeks we will be updating and finalizing the list of volunteers who gave so much of their time and energy to ensure the success of PDC 2004. [Please click here beginning next week to view the listing.](#)

Conference Evaluations

Your views and opinions are important to us! [Please take a few moments to complete the online conference evaluation form to assist us with the planning of future conferences.](#) To express our appreciation for your time and feedback, you will automatically be entered into a prize drawing for a free PDC 2005 registration upon completion of the evaluation form.

Special PDC Issue, July 1, 2004**A New AGA Program Year Has Begun!**

The PDC came to a close yesterday as Immediate Past National President Jullin Renthrope, CGFM, passed the gavel to 2004-2005 National President Bobby Derrick, CGFM. President Derrick promised a year of excitement and optimism as he visits chapters and discusses leadership.

[Next week! Watch for the PDC Photo Gallery!](#)

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PDC 2004: A Big Success

On Tuesday participants heard from John Hamre, Ph.D., President and CEO, Center for Strategic and International Studies, who said he was glad to be home with his financial management colleagues. He was the comptroller at the US Department of Defense. "I miss the grandness of being a government employee," Hamre said, "it may be a bad day but you know you are going to be doing something important."

He sees four elements of the new era, which include the residue of the Cold War (including the fact that you can go to the Internet to learn how to build a bomb); the rise of transnational terrorist organizations; the existence of failed nation states; and the fact that we live in an era of remarkable ease. Homeland security will rely upon an openness of society, Hamre said, adding that we need to do something with our stockpile of chemical and biological weapon. More energy must be put into nonproliferation and we must rediscover our commitment to the Millennium Fund. "We are giving money to these countries with the stipulation that they build up their government competencies," he said.

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View from Local Government

Representing the local government perspective was William D. Euille, Mayor of the City of Alexandria, Virginia, who discussed how local governments provide most of the front-line services that the public associates with government in general: police, fire, schools, health care and much more. "As a trained accountant, I know how tough your jobs can be," he told the AGA audience. AGA, like near 400 other trade associations, has its headquarters in Alexandria, which has undertaken an extensive effort to attract the organization to the city. Alexandria ranks fourth in the nation, behind Chicago, New York and Washington, as the headquarters city for national trade organizations.

Euille cited six areas that he sees as common challenges for all cities, including protecting the homeland; fighting crime; transportation; children and families; affordable housing; the Intern tax moratorium that takes tax revenue away from localities; and unfunded mandates, such as recent energy legislation. The root problem underlying all of these issues is money, he said. "We have limited resources and what, at times, seems to be unlimited needs. Unfunded federal mandates continue to challenge cities across the nation as federal aid to cities has dropped in the wake of rising defense spending and as the impact of more tax cuts is absorbed. "Cities feel the squeeze," he said. "Most cities can not fill the gap in lost federal funding and what suffers is the quality of life."

There are positive trends occurring in many cities, he said, which have become desirable places to live for single adults and empty nesters alike. "Cities are fortunate at this time in history to be the place many people want to live," he said. He attributes this trend to better law enforcement and safer streets. Euille is continuing the city's efforts to expand the number of services offered through the Internet, saying his motto is "online not in line." He said change would occur when federal, state and local officials partner to reach real solutions. "We need real commitment by all three parties," he said. "That's teamwork."

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Reforming the Auditing Profession

A panel discussion on the changes under way in the area of auditir

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standards was held Wednesday morning, with speakers Douglas Carmichael, chief auditor and director of professional standards, Public Company Accounting Oversight Board (PCAOB); John A. Fogarty, partner/director of assurance policies and methodologies, Deloitte, and chair of the AICPA's Auditing Standards Board (ASB) and David M. Walker, comptroller general of the United States. With moderator Jeffrey C. Steinhoff, CGFM, asking a series of probing questions the panelists discussed the reforms under way to coordinate and enhance auditing standards across all sectors.

When asked to name the greatest challenge facing the profession, Carmichael said it has to be the ongoing effort to restore investor confidence in the accuracy of financial statements. Walker agreed and went a step further to say that effort needs to extend across public and private boundaries. When asked whether the profession can make major changes, Fogarty said he sees "auditors taking no pride and recognition in the importance of their role." Walker said GAO is leading by example. "It is important to note that in many ways the public sector was ahead of the private sector" in instigating reforms. "We need to get back to basics and ultimately we're going to have to go global." Can the PCAOB make a lasting change? "We have to make sure standards are being implemented properly and, necessary, take enforcement action," Carmichael said.

The US Auditing Standards Coordinating Forum, which was recently formed by the PCAOB, GAO and the ASB, is focusing its efforts on bringing harmony to the variety of standards that currently exist, and all the panelists said the Forum's focus needs to be on fraud. It is important to take action to ensure the auditor's ability to detect fraud, Carmichael said. Walker gave credit to the PCAOB for its internal controls standard and added that the importance of detecting fraud can't be overstated. He added that we need to determine whether it is time to move beyond pass/fail audit reports. One of the biggest challenges faced by the Forum is harmonizing words that have different meanings in different languages. The word "should" translates to "must" in many languages, Fogarty said. When auditing for fraud, Carmichael said auditors must know how fraud is perpetrated and how it is concealed, which takes extensive training. Fogarty said he wishes that the standards drove attitudes, but "what's happened in recent years has done more to change attitudes than any standard we could ever write."

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