

ASSOCIATION of  
GOVERNMENT  
ACCOUNTANTS

# THE WASHINGTON CONNECTION

Washington Chapter • P.O. Box 423 • Washington, D.C. 20044-0423 • (703) 758-4080 • November 1996

**WASHINGTON CHAPTER  
LUNCHEON MEETING**

**THURSDAY, NOVEMBER 7, 1996**

Grand Hyatt Hotel  
1000 H Street, NW  
(At Metro Center - 11th Street Exit)

Social: 11:30 - Luncheon: 12:00 Noon

Cost: Members \$17.00; Nonmembers \$22.00

New members - your first luncheon meeting is free!

**Please call (703) 758-4080 for reservations  
or to request a sign language interpreter  
by MONDAY, NOVEMBER 4, 1996**

## LUNCHEON SPEAKER



**John J. Hamre,  
Under Secretary of Defense (Comptroller),  
Department of Defense**

President Clinton appointed John Hamre to be Comptroller of the Department of Defense on October 26, 1993. In this capacity, Dr. Hamre is the principal assistant to the Secretary of Defense for the preparation, presentation, and execution of the defense budget and for management improvement programs. He also will be the first Under Secretary of Defense (Comptroller) to be given responsibility, through the Office of Program Analysis and Evaluation, for the assessment of weapons and related programs and their adequacy for fulfilling critical military requirements. The Comptroller will thus oversee both the programmatic and financial sides of the defense budget.

Before coming to the department, Dr. Hamre served for ten years as a professional staff member of the Senate Armed Services Committee. He was primarily responsible for the oversight and evaluation of procurement, research and development programs, and for defense budget issues and relations with the Senate Appropriations Committee.

From 1978 to 1984, Dr. Hamre served in the Congressional Budget Office, rising to become its Deputy Assistant Director for National Security and International Affairs. In that position, he oversaw analysis and other support for committees in both the House of Representatives and the Senate.

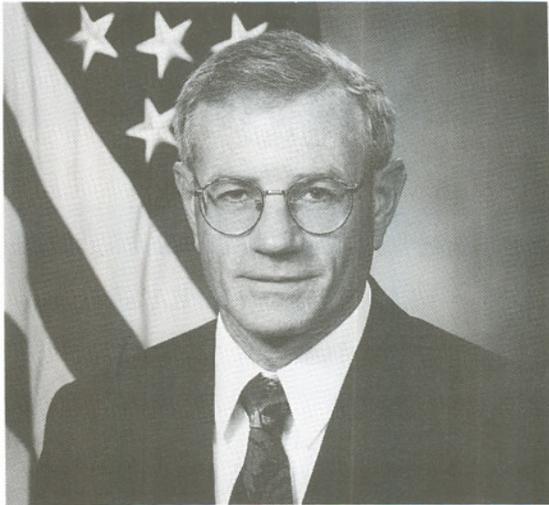
Dr. Hamre received his Ph.D., with distinction, in 1978 from the School of Advanced International Studies, Johns Hopkins University. His studies focused on international politics and economics and U.S. foreign policy. In 1972, he received a B.A., with highest distinction, from Augustana College, Sioux Falls, South Dakota, emphasizing political science and economics. The following year he studied as a Rockefeller Fellow at the Harvard Divinity School.

Dr. Hamre is married to the former Julia Pfanstiehl and they reside in Bethesda, Maryland. He will speak about the new directions in defense financial management.

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## President's Message .....



**Gary Amlin, President**

We were very fortunate to have the Chief Financial Officer (CFO) of the U.S. Customs Service, Ms. Vincette Goerl, as our October luncheon keynote speaker. Ms. Goerl made an outstanding presentation on activity-based costing and its impact upon management at the U.S. Customs Service. I believe we can all benefit significantly from her presentation. If you happened to miss the luncheon, or you would like further information or clarification of Ms. Goerl's presentation, refer to the "speaker's remarks" article on page 3 of this newsletter.

One of my primary objectives this year is to better serve our members and participants through the many chapter events we have scheduled. You, our members, are the *customers* of the Officers and Directors of the Washington Chapter, and we will do our very best to serve you in meeting your needs and expectations. Please let us know if you have any suggestions on how we can improve service to you.

One of the major advantages of membership in the Washington Chapter is the opportunity to hear key individuals from both the government and the private sector speak about topics which affect our profession. We are very fortunate that our Program Director, Mr. Joe Donlon, has recruited outstanding speakers for our luncheons this year. Please join me in extending our sincere appreciation to Joe on his efforts to bring in such outstanding speakers.

Further, our educational programs will again be excellent. Virginia Murphy, Education Director, has been working with the Northern Virginia Chapter and the Montgomery/Prince George's Chapter to co-sponsor training events this year. Although this is a new concept, I think it will work out very well. With the pooling of all three Chapters, we can make our educational events even better than the past. I encourage you to take advantage of these special training opportunities coming up throughout 1996-1997. Also, say a special thank you to Virginia for her exceptional work running our training program.

I look forward to seeing you at our November luncheon as well as other educational events.

*Gary Amlin, CGFM*

## Highlights of the September 25, 1996, Executive Council Meeting

- Gary Amlin, President, announced that the National Office has requested nominations for National officers for 1997-1998.
- Marcia Caplan, Budget and Finance Director, presented the Chapter's 1996/1997 budget, which was approved by the Council.
- Germaine Rowley, Director of Administration, reported that our Chapter has earned 3,371 points so far this year.
- Virginia Murphy, Education Director, reported that the next two training events, which are being co-sponsored with the other local AGA chapters, will be held at George Washington University on February 24th and April 29th.
- The Council approved having a joint luncheon meeting in January with the Institute of Internal Auditors.
- The Executive Council scheduled its next meeting for October 23, 1996, at 11:30 a.m. at the Veterans Administration Headquarters building.

*by Marianne Morahan, Secretary*



**Staffing the luncheon front desk are left to right: Rick Miskovich, Chapter Treasurer; Les Murray, DFAS; Hyesuk Bellino, DFAS.**

## Summary of Luncheon Speaker's Remarks: The CFO at Customs Has Solution for Today's Challenges to Resource Management .....

By Edward Baxter, Assistant Editor

The AGA Washington Chapter's October luncheon keynote speaker was the Chief Financial Officer (CFO) of the U.S. Customs Service, Ms. Vincette L. Goerl. Ms. Goerl made an outstanding presentation on Activity-Based Costing (ABC) and Activity-Based Budgeting (ABB), and how these innovative techniques can help federal managers. In particular, Ms. Goerl emphasized that activity-based costing is an effective management tool in meeting today's dynamic mission requirements and tight budget restrictions, while responding to the complexities of a changing global environment. Activity-based costing and budgeting provide a wide latitude of financial information for which managers can make well informed, and therefore, better tactical and strategic decisions. Ms. Goerl explained why ABC is the choice of the U.S. Customs Service and provided many examples of how ABC has given managers diverse financial options for which they can enhance business performance and satisfy customers while continuously reducing and controlling costs. Finally, Ms. Goerl examined ABC and ABB processes as part of the larger framework for Activity-Based Management.

In meeting today's challenges for resource management, one approach is cost management. Cost management refers specifically to the actions taken by managers to manage resources more efficiently while controlling and reducing costs. Indeed, the need for cost accounting in the federal government has become so great, Congress has mandated that agencies utilize it in some form. ABC is a highly effective tool in implementing cost management. Broadly defined, ABC is an approach used to break down an organization's processes into activities, and measure each activity's cost and performance effectiveness. This approach offers many benefits, most significant of which is knowing the full cost of doing business, as well as providing avenues to improve the way business is done. Further, federal agencies

are constantly responding to increased external requirements in fulfilling their mission. The implementation of new legislation, such as the Chief Financial Officer's (CFO) Act and the Government Performance and Results Act (GPRA), new and revised trade agreements, such as the General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement (NAFTA), and tight budget restrictions, are just a few examples. Agencies, therefore, have to be equally dynamic in managing their resources. "Being competitive in today's world is a necessity not only for the business world, but also for the government arena," Ms.

Goerl said. She added, "There are so many influences on organizations today that, to compete successfully, organizations must advance new ideas and applications for effective and efficient performance."

ABC replaces traditional "across the board" accounting measures distributed in an arbitrary method, and focuses more on individual needs.

ABC eliminates "peanut butter costing," which uniformly spreads the cost of resources to cost objects when the individual products, services, or customers in fact use those resources in a non-uniform way.

Utilizing ABC, managers are able to identify what triggers costs and how to manage them. Managers are also able to strategically direct funding at resources in a clearly defined method given an accurate picture of the price of products and services. "The intent of cost management is to answer the all important question: Do you know the real cost of running your business?," Ms. Goerl said. "You can manage the organization better knowing what outputs are produced, and costs of processes managed by various functions," she added.

*"Being competitive in today's world is a necessity not only for the business world, but also for the government arena. There are so many influences on organizations today that, to compete successfully, organizations must advance new ideas and applications for effective and efficient performance."*

— Vincette Goerl, CFO, U.S. Customs.



**Program Chair, Joe Donlon thanking Ms. Goerl for her excellent presentation.**

When ABC is used as a management system, it is a powerful tool for re-thinking and improving products, services,

*(See Speaker's Remarks, next page)*

*(Speaker's Remarks, continued from previous page)*

processes, and strategies. For example, when overhead costs are allocated directly to products, managers often find that a particular product is not cost effective which may lead to a change in strategy. ABC provides the means to allow an organization to decide if resource consumption for a particular product is consistent with its objectives. ABC is based on the concept that managers cannot manage costs directly, but manage the activities that consume cost. ABC provides full cost information on resources, what they do or are used for, and what is produced. Finally, ABC responds effectively to external requests for information. As previously discussed, agencies are increasingly responding to external requirements. If managers have readily-available and accurate information on-hand, they will respond in a more timely and accurate manner.



**Left to right: Vincette Goerl with the Washington Connection newsletter staff members Edward Baxter (DFAS) and Bob Buchanan (Anteon Corporation). Photo by Mike Sciortino.**

ABC has been a highly successful cost management tool at the U.S. Customs Service, particularly, in response to the agency's reorganization. Customs consolidated 46 district offices and 7 regional centers into 20 customs processing centers. In response to this restructuring, Customs identified core processes as passenger, trade compliance, and outbound. Mission support and investigations are also major processes in Customs. By clearly identifying these activities, ABC is then employed to measure cost and resource requirements.

Activity-Based Management (ABM) is a strategic approach to implementing and managing ABC. Utilizing ABC as its base, ABM improves product line management, focuses on cross-functional process value analysis, links product pricing, budgeting, and operations and performance

reporting—all from the customer's perspective. Also within the framework of ABM is Activity-Based Budgeting (ABB). ABB is the process of planning and controlling the "expected" activities of an organization to formulate a cost-effective budget. Utilizing an ABB model, managers can gauge future financial needs by identifying resources, activities, and outputs, and meet the long-term strategic goals of the organization. Once ABC is in place, ABB will be effective in allowing managers to make better decisions on how to use their shrinking resources.

Ms. Goerl concluded the presentation by once again emphasizing that ABC and ABB are highly effective tools to meet today's challenges for resource management. ABC assists managers in identifying customers and customer values, improves customer service, improves service quality, decreases cycle time, reduces costs and encourages innovations and change at all levels. Indeed, ABC is becoming an increasingly popular cost management device. DoD, FAA, NASA, FMS and

IRS, as well as the state of Texas, and local governments in Charlotte, North Carolina, and Indianapolis, Indiana, and many private sector organizations, such as American Express, AT&T, NYNEX, and Chrysler, all utilize ABC in their cost management. Overall, federal managers have an increasing need for information to make wise decisions, respond to external requirements, and distribute resources in a time of shrinking budgets. "As CFO, I need the best quality of information available, so other senior managers understand all their choices. Therefore, they make better decisions," said Ms. Goerl. ABC meets these challenges and may best be described as a modern cost management tool for modern times.

**..... Technical Articles Wanted**

One of the principal reasons for publication of a Chapter newsletter is to help keep Chapter members informed on current governmental financial management topics and emerging issues. We would very much like to publish **your** technical article. Or, if you could provide us an article for reprint that you have seen elsewhere or point us to an article source, that would be great too.

You may fax articles to Bob Buchanan or Michael Sciortino at (703) 246-0294 or Edward Baxter at (703) 607-0588. We would prefer to receive material electronically, however, at any of the following internet addresses:

rbuchanan@anteon.com msciortino@anteon.com ebaxter@cleveland.dfas.mil

The deadlines for the next two issues are:

November 8 for the December issue and December 9 for the January issue.

## Agency Liaisons

AID, Tom Mundell  
(202) 663-2253

Agriculture, Gary Maupin  
(703) 305-2191

Commerce, Kevin Kuesters  
(202) 482-2933

Defense, Rick Miskovich  
(703) 607-5024

EPA, Roland Cyr, CGFM  
(202) 260-8591

FASAB, Lucy Lomax  
(202) 512-7359

FCC, Jim Swartz  
(202) 418-1060

GAO, West Coile  
(202) 512-9324

GSA, Jolene W. Romanyshyn, CGFM  
(202) 501-1084

HUD, Rhea L. Riso  
(202) 708-1757 ext. 3763

Private Ind. (Va), John Edward Murphy  
(703) 532-9106

Private Ind. (DC), Raina Rose  
(202) 862-3300

State, Mattie Harms  
(703) 875-5634

Transportation, Dennis Scott  
(202) 366-0294

Treasury, Linda Lloyd  
(202) 927-0119

VA, Jack Gartner  
(202) 273-5528

*For more information contact  
liaison coordinator, Renee Barry at  
(202) 606-5000 extension 374.*

## Membership '97 .....

The 1996-97 member-recruit-a-member campaign is underway. We want to build on the success of the 1996 "grand" year program by implementing Membership '97: "A 'Grand' Year Times Two." The "two" refers to the challenge from National President Mitch Laine to recruit an additional 1,000 net members into AGA for the 1997 year, thus completing the two year long "grand program."

The National Membership Committee, chaired by Pat Wensel, has developed a multi-faceted campaign we hope will get you out there and encourage your colleagues to join our chapter. We did well last year, and we want the Washington Chapter to run away with the prizes this year.

*Sponsor Grand Prize* - Three-night "Getaway for Two" in Phoenix, Arizona. Airfare and hotel accommodations for two will be awarded to the lucky winner of this grand prize drawing! To qualify for the fishbowl drawing, you must recruit at least three new members. Each new sponsored member after three adds your name to the fishbowl again.

*Sponsor First Prize* - 46" Big Screen Color Television. Each time you sponsor a new member, your name gets entered into the drawing. The more new members you sponsor, the more chances you have of winning.

*Sponsor Second Prize* - Sony 8mm Camcorder. Each new member sponsored gets your name entered into the fishbowl drawing.

### Top Sponsors' Level

*Recruiter of the Year* - The AGA member sponsoring the greatest number of new members during the campaign (i.e., May 1, 1996 through April 30, 1997) will be rewarded a plaque at the June 1997 PDC in Phoenix and receive a complimentary AGA conference registration.

*Top Sponsors (2 winners)* - Next to the Recruiter of the Year, the Top Two New Member Sponsors earn themselves the second highest level of recruiter recognition. These awardees will also be presented with a plaque at the June 1997 PDC in Phoenix and receive a complimentary AGA conference registration.

### Chapters' Level

*Overall Growth Winners* - One chapter from each chapter grouping that has the highest overall membership growth percentage will win the Overall Growth Award. Those chapters will win a complimentary AGA conference registration.

Each new member sponsor will receive a special "Sponsors' Only" lapel pin as a thank you gift.

*By Eva Williams, CGFM, Director of Membership*

## .....Computer Matching Benefits Housing Agencies

By David L. Decker, Office of the Public and Indian Housing Comptroller

**H**UD has embarked on a large-scale, long-term computer matching project. Incomes that financial institutions and employers report to the Internal Revenue Service (IRS) and the Social Security Administration (SSA), respectively, will be matched to the incomes that rental subsidy recipients report to housing agencies that administer HUD's rental assistance programs. The primary purpose of the matching is to detect tenants' fraudulent reporting of incomes. Because rent is based on income, understating income results in lower rent and higher HUD subsidies.

### Benefits of Computer Matching

The primary benefit of computer matching to HUD is not repayment by tenants since many tenants will leave the program before monetary recoveries can be realized. HUD expects the greater benefit will be to instill integrity in the program. If tenants know HUD is matching their reported income to external sources they are more likely to report their true incomes.

The SSA and thousands of housing agencies that administer HUD's programs also benefit from the matching. The housing agencies no longer need to prepare and mail mark-sense cards to the SSA, a procedure previously used to verify social security (SS) and supplemental security income (SSI) that the tenants reported. Further, the SSA may phase out obsolete mark-sense card operations. Technology is allowing HUD to improve the effectiveness and efficiency of income verification.

### Pilot Results

In June 1996, the Office of the Public and Indian Housing Comptroller provided SS and SSI information to public housing agencies and Indian housing authorities in the States of Alaska, Idaho, Oregon, and Washington. The SS and SSI

#### *Next month:*

The December luncheon will feature Hazel Broadnax, Deputy CFO at the Pension Benefit Guaranty Corporation (PBGC). Her presentation will cover the actions necessary to keep a clean audit opinion. Mark your calendars for Thursday, December 5, 1996.

### Advertisements

*The Washington Connection* accepts advertisements that would be appropriate for our membership, i.e., ads which relate to the financial management profession and which do not conflict with the Association's goals and objectives. Advertisement prices are: full page (7" x 9" ad on 8½" x 11" page) \$300.00 - half page \$150.00 - quarter page \$75.00. All prices are for one printing in one issue. Advertisement copy may be provided on disk or by fax. Camera ready copy should be provided for most logos and other graphics. If you are interested in advertising in *The Washington Connection*, call Bob Buchanan at (703) 246-0298 or Michael Sciortino at (703) 246-0673 for details.

computer matching identified some instances where tenants had not reported income. It also provided housing agencies with SS and SSI information for tenants scheduled to recertify for housing assistance in the next two months—enabling the agencies to prevent future abuses.

Housing agency staff who are responsible for verifying SS and SSI, responded favorably to the HUD-supplied SS and SSI information which enables them to more efficiently and effectively verify income of assisted housing tenants. Accordingly, the matching program is now being implemented nationwide.

### Future Plans

During the next twelve months HUD will gradually expand the matching nationwide for SS and SSI incomes. A July 19, 1996 *Federal Register* notice describes plans for expanding the SS/SSI matching to all housing agencies nationwide and transmitting electronically the information to housing agencies.

During the next few months HUD will start another pilot computer matching project that will compare tenant-reported wages and unearned income to data that HUD will receive from the SSA and the IRS. A May 2, 1996, *Federal Register* notice describes that initiative.

If you would like further information about HUD's Computer Matching Project, you may contact David L. Decker at (202) 708-0099.



Executive Council Profiles.....

By Edward Baxter, Assistant Editor



Rick Miskovich, Chapter Treasurer

The next several issues of "The Washington Connection" will feature profiles of this year's Chapter Executive Council Officers and Directors. This issue, we are featuring the Chapter's Treasurer, Rick Miskovich, and Secretary, Marianne Morahan. Rick and Marianne both work at the Defense Finance and Accounting Service (DFAS) in Arlington, Virginia.

Rick is currently serving as the Director of Operating Policy in the Accounting Deputate. He is primarily responsible for the development and promulgation of accounting operating policy and procedures and requirements. Prior to joining DFAS in 1991, Rick served in several positions with the Departments of the Navy and Army. He was a financial manager at the Navy's Space and Naval Warfare Systems Command

from 1989 to 1991, a supervisory systems accountant and program analyst at the Navy Finance and Accounting Center from 1978 to 1989, a systems accountant with the Comptroller of the Army from 1976 to 1978, a supervisory accountant and systems accountant with the Army Material Command from 1971 to 1976, and an operating accountant with the Army Electronics Command from 1966 to 1971. Rick earned a B.S. in Business Administration from Monmouth University and a M.S. in Financial Management from Frostburg University, and is a CGFM. Rick is a New Jersey native and currently resides in Sterling, Virginia.



Marianne Morahan, Chapter Secretary

Marianne is a senior financial analyst in the Civilian Pay Directorate at DFAS. She is responsible for developing, publishing, and implementing policies and procedures for paying DoD's civilian employees, as well as working with the military services and labor unions on a variety of issues related to the implementation of the standard civilian pay system for DoD. Marianne served as a supervisory systems accountant at the Navy Accounting and Finance Center until it was consolidated into DFAS in 1991. Previously, Marianne worked as an auditor with the Naval Research Laboratory and the General Accounting Office. Marianne has served as the Navy's civilian pay representative on DoD's Corporate Information Management initiative. She earned a B.S. in Business Administration from James Madison University and is a CGFM. Marianne is a native of Washington, D.C., and currently resides in Vienna, Virginia.

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.....Upcoming Financial Management Courses

**November - December 1996 Courses at  
The Center for Applied Financial Management**

**November 1996**

- 7-8 Unlocking Key Reports
- 14-15 Survey of FASAB Accounting Concepts and Standards
- 21-22 Managerial Cost Accounting

**December 1996**

- 3-4 Accounting for Revenue
- 3-4 Implications of Federal Appropriations Law
- 6 Certifying Officers
- 10-11 Property, Plant, and Equipment & Stewardship Reporting
- 12-13 Budget Execution Game
- 17-18 Understanding and Using the Standard General Ledger

Contact Kimberly Pringle at (202) 874-9560 for more information or fax requests to (202) 874-9629. To register for Center courses, submit an SF-182 to the Registrar, The Center for Applied Financial Management, 401 14th Street S.W., Suite 1100 KSB, Washington, DC 20227. All courses are held at 1411 K Street, N.W., 11th floor, unless otherwise noted.

**November - December 1996 Courses at  
The National Capital Training Center, Graduate School, USDA**

**November 1996**

- 4-7 Government Bookkeeping and Accounting
- 6-8 Federal Accounting Standards
- 12-15 Budget Execution
- 14-15 Federal Budget Process
- 18-20 Cost Accounting Concepts in Federal Government Operations
- 21-22 Accounting for Non-Accountants

**December 1996**

- 2-4 Federal Appropriations Law
- 5 Federal Appropriations Law Update
- 5-6 Activity-Based Costing
- 9-12 Budget Formulation
- 10-13 Introduction to Federal Budgeting
- 16-18 Introduction to Financial Management
- 30-31 Federal Budget Process

To register for these courses, fax or mail your training form to The National Capital Training Center, Graduate School, USDA, 600 Maryland Avenue SW., Room 108, Washington, DC 20024-2520 Voice (202) 401-9194, Fax (202) 401-9417, TDD (202) 447-3247 ext. 8123.

Remember to mark your calendar for our Second Annual Holiday Social on  
December 12.

**The Governmentwide Cost Work Group and Cost Accounting Handbook .....**

By Monica Congleton

During February, 1996, the Department of Veterans Affairs (VA), Cost Accounting and Medical Rates Division, initiated the creation of a Governmentwide Cost Accounting Work Group to provide federal agencies with a focal point for the discussion of cost related issues and problems. Chartered under the auspices of the Chief Financial Officers (CFO) Council, the work group reports to the CFO Council's Financial Statements and Standards Committee. The work group is overseen by a seven member board of directors including: Virginia Robinson (JFMIP), Ron Longo (OMB), Ted David (Agriculture), Ken Winter (NASA), Kevin Kuesters (Commerce), Stuart Graff (Education) and is chaired by Frank Sullivan (VA), Deputy Assistant Secretary for Financial Management and Deputy CFO.

The work group's primary objectives are to:

- provide a forum for open communications and discussions of cost accounting questions facing member agencies.
- achieve consensus among member agencies in the resolution of cost accounting issues which cut across agency lines, particularly in the areas of terminology, procedures, and reporting practices utilized in federal cost accounting.
- provide assistance in the development, coordination, and implementation of policies and procedures consistent with the cost accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB) and the Joint Financial Management Improvement Program (JFMIP).
- serve as a resource to member agencies in resolving their specific costing issues and publish advice and opinions on matters of inter-agency interest.
- undertake special studies and projects related to costing, as directed by the CFO Council.

Over thirty federal entities are active members of this work group. General membership meetings are held quarterly to discuss the status of subgroup projects and to have leaders in the field of federal cost accounting present specific issues. Speakers at past meetings have included Donald Chapin, Chief Accountant, from GAO and Ron Young, Executive Director, of FASAB.

In addition to general membership meetings, the Governmentwide Cost Accounting Work Group has also established a site on the world-wide web: [www.financenet.gov/costacct.htm](http://www.financenet.gov/costacct.htm). This site, a part of the CFO page on the

FinanceNet, contains the work group's mission statement and charter; minutes from board of directors meetings; names of board members, subgroup chairs, and the facilitation staff; and special links to FASAB and other accounting, business, and economics resources. Four subgroups have been formed to carry out the work group's objectives:

| <u>Subgroup</u>                       | <u>Chairperson(s)</u>  |
|---------------------------------------|--|
| Full and Inter-Entity Costs Reporting | Sky Leshner (Dept. of Interior)<br>De Ritchie (Dept. of Defense) |
| Budget/GPRA Implementation            | Dave Zavada (OMB)<br>Bill Gilfillan (VA) & Monica Congleton (VA) |

The Implementation Subgroup, which is comprised of members from eight federal entities and one unofficial advisor from a non-federal entity, is in the process of drafting a "How To Implement Cost Accounting User Handbook" to aid federal agencies in their implementation of cost accounting. The completion date for the draft of this handbook is Winter 1996.

The handbook will be comprised of the following sections:

**Introduction/Usefulness of Cost Accounting**

- This will include 3-4 pages on the importance of cost accounting, e.g., for calculating user fees and in justifying budgets.
- In addition, there will be both a synopsis and a commentary by three of the writers of FASAB's Managerial Cost Accounting Concepts and Standards for the Federal Government.

**Description of Possible Costing Methodologies**

- Included will be an explanation of the differences between budgeting and cost accounting.
- Mention will be made of various costing options such as job order costing, activity-based costing, and methods for allocating indirect costs such as the step-down methodology and simultaneous equations method.

**Generic Cost Accounting Policy**

- This policy will be generic and will define direct costs and indirect costs.
- This policy will be modeled on FASAB's Managerial Cost Accounting Concepts and Standards for the Federal Government.

(See, Cost Accounting, next page)

*(Cost Accounting, continued from previous page)*

#### **Generic Cost Accountant Position Description**

- The position description will be for the 11/12/13 grade level cost accountant.

#### **Listing of Off-The-Shelf Cost Accounting Software**

- This will be a compilation of available costing systems, regardless of whether they function in a stand alone capacity or integrate with a general ledger system.

#### **Sample Team Charter**

- Included in this Charter will be suggested traits that a project team should possess such as: cross and multi-functional knowledge; process analysis training and experience; technical and functional experience in the process being analyzed; and accounting, budgeting, and communication skills.

#### **Sample Statement of Work**

- Three generic statements of work will be produced. One being for a small job, such as a cost accounting pilot project; another for a medium size costing contract; and the third for a department-wide cost accounting implementation project.

#### **Reference of Costing Literature**

- This will serve as a bibliography of pertinent cost accounting books, periodicals, and articles.

#### **Sample Project and Marketing Plan**

- This plan will deal with what must be done to implement FASAB's Cost Accounting Standards.
- It will include time frames, that is, which items should be done first.
- The plan will focus on assisting federal agencies in developing cost accounting outputs and outcomes that show compliance with FASAB's Cost Accounting Standards.
- This plan will focus on selling cost accounting to program and financial managers. Examples of federal agencies who have successfully implemented cost accounting will be incorporated into the marketing plan.

If you are interested in joining the general membership group or any of the subgroups, please call Monica Congleton at (202) 273-5548, E-Mail: [monica@mail.va.gov](mailto:monica@mail.va.gov)

## **The Center is First to Offer New Release**

*By Lorraine Rooks Cary*

**O**n the first day of the fiscal year, The Center for Applied Financial Management (The Center) achieved a first of its own—The Center became the first organization to upgrade a client's accounting system to the Federal Finance System (FFS) Release 5.3. The Center accomplished this in just three months, cutting the usual testing time in half.

In July, the software vendor began distributing the FFS Release 5.3, and The Center immediately began testing on its own UNIX platform. Using the basic package, rather than a customized version, enabled The Center to complete testing more quickly. In addition to upgrading the Inter-American Foundation's (IAF) accounting system, The Center migrated IAF from a mainframe to a more appropriately sized UNIX platform. The Center upgraded the United States Naval Home's accounting system in mid-October, also on a UNIX platform. By December, The Center will upgrade the systems of its mainframe clients.

The new software release has several significant updates. Most notably is the Century Support Enhancement, which allows the system to perform date-related processes that will span the century mark. FFS 5.3 accommodates centuries without modifying existing date or year fields. With this enhancement, all date-related processes have the capability to accommodate centuries. Date-related processes include date comparisons, date-driven processes, and date calculations.

Other release enhancements include the following:

- Electronic data interchange (EDI): EDI allows customers to access the 810 transactions set via wide area network.
- Taxpayer Identification Number: Modifications to support Treasury Financial Manual (TFM) Bulletin 95-10, a Treasury-mandated change requiring customers to report all debt by Taxpayer Identification Number.
- New SF-133 Report on Budget Execution: Office of Management and Budget (OMB) modifications to the SF-133 have been incorporated to allow customers to begin reporting in January 1997.

All Center clients should be in compliance by January 1997. For more information, contact Gary Lohman, Director of Technical Services, The Center for Applied Financial Management at (202) 874-9550.



# ASSOCIATION of GOVERNMENT ACCOUNTANTS

MID-ATLANTIC REGION

## SUCCESS IN A CHANGING ENVIRONMENT

REGIONAL PROFESSIONAL DEVELOPMENT SEMINAR

HOLIDAY INN 1776  
WILLIAMSBURG, VA

12-13 NOVEMBER 1996

12 CPEs

**Speakers will include:**

|                    |   |
|--------------------|---|
| G. Edward DeSeve   | Comptroller, Office of Federal Financial Management, OMB      |
| Patricia A. Dalton | Deputy Inspector General, U.S. Department of Labor            |
| Thomas Druzgal     | Deputy Auditor General, U.S. Army Audit Agency                |
| Kenneth S. Kelly   | Senior Budget Methods Specialist, Budget Concepts Branch, OMB |
| Fred Moon          | Humorist  |
| Richard Davis      | Comptroller Office, Commonwealth of Virginia                  |

**Times:**

Tuesday, November 12th - 12:30 pm to 5:00 pm  
Wednesday, November 13th - 8:00 am to 5:00 pm

**Fees:**

\$75.00 members, \$100.00 non-members. A discount of \$10.00 each will be offered for organization sending five or more participants. The fee includes all materials, lunch on Wednesday, and refreshments at breaks.

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