

Washington Chapter • P.O. Box 423 • Washington, D.C. 20044-0423 • (703) 758-4080 • January 1994

WASHINGTON CHAPTER  
LUNCHEON MEETING

THURSDAY  
JANUARY 6, 1994

Touchdown Club  
2000 L Street, N.W.  
(Near Farragut West Metro Stop)

Social: 11:30 (Cash Bar)  
Luncheon: 12:00 NOON  
Cost: \$16.00 (Members)  
\$18.00 (Non-Members)

- Reservations Urged
- Call (703) 758-4080 by  
January 5, 1994
- Non-Members are welcome
- No-Shows are expected to pay

INSPECTOR GENERAL FORUM  
LUNCHEON SPEAKERS

**Ms. Susan Gaffney** was nominated by President Clinton on June 22, 1993 to be HUD Inspector General; she was confirmed by the Senate on August 6, 1993 and sworn into office on August 23, 1993. She was formerly Chief of the Management Integrity Branch at OMB, where she developed policy relating to the FMFIA, OMB's High Risk List, and the Inspector General Act. Prior appointments were as Deputy IG at GSA and Deputy Commissioner of the New York City Department of Housing Preservation and Development. Ms. Gaffney received a B.A. degree at Wilson College in 1965, earned an M.A. at Johns Hopkins School of Advanced International Studies, and studied in the Ph.D. program in economics at Cornell University.

**Mr. Charles R. Gillum** has been Acting Inspector General at USDA since January 1993; he was appointed Deputy IG there on August 8, 1990. Prior to this appointment he had been IG at the SBA and Deputy IG at GSA. He established the Federal Home Loan Bank Board's first IG-type organization. Gillum also served at HUD as Acting Assistant IG for Investigations and held other positions in the investigative area. Mr. Gillum holds a master's degree in public administration from Arizona State University. He is active in professional associations for investigators, managers, and accountants.

"AUDIT IN A CHANGING ENVIRONMENT"

CFO Act implementation, recommendations made in the National Performance Review Report, central agency guidance changes, congressional interest, and other factors are continuing to reshape the traditional Inspector General audit function in the Federal Government. Our two speakers will discuss their analysis of auditing as they have seen it in the past and as it is now, and will provide us with their outlook for the future. They both have many years of experience and each has received numerous honors and awards recognizing their outstanding contributions in their field.

Coming Months' Luncheon Meetings

Our February 3, 1994 speaker will be the Honorable William Jefferson, Congressman from Louisiana. Our speaker for March 3, 1994 will be Ms. Nancy Gordon, Deputy Director, Congressional Budget Office. Both luncheons will be held at the Touchdown Club at 12:00 noon, preceded by a cash bar social hour at 11:30.

## *The President's Message*

In mid-November I attended the USDA Financial Management Council's Fourteenth Annual Conference, an outstanding conference in every respect. It dealt with the "hot topics" in Government generally and in financial management specifically. Topics included "Reorganizing," "Reinventing," "Reengineering Business Processes," "Creating a Government That Works Better and Costs Less," "Right-sizing," "Financial Statement Audit Lessons Learned," "Integrating Financial and Program Performance Information," "Providing Timely and Useful Information to Program Managers," "The National Performance Review," "Mastering Technology," "Serving Customers Better," "Activity-Based Costing," "The CFO Act," "The Government Performance and Results Act of 1993," and "Relying on Highly Qualified Professional Personnel."



Larry Wilson, President

The Conference topics are significant to every one of us. They provide major challenges and golden opportunities; but the cornerstone of all these topics is "Relying on Highly Qualified Professional Personnel." Running through all of the presentations and discussions was the underlying reality that making progress depends on highly qualified professional personnel. This got me thinking: just what is a "professional?" The short answer in my mind is that a professional is someone who has made a career-long commitment to excellence in his or her field through education, hard work, critical self-examination, and a willingness to change.

The education and development of a true professional never ends. It is an ongoing commitment that one makes to be considered a "professional." It is a demanding commitment. None of us would knowingly rely on a medical doctor who did not work hard to stay current and continuously improve his or her professional skills. I know I wouldn't. Let's consider professional athletes. We think of a professional athlete as someone who gets paid for playing his or her sport. But that is just the beginning of it. Professional athletes work constantly to improve and learn through practice and training sessions, both on the playing field and in the classroom, learning and devising new plays and strategies, and reviewing and evaluating past performance to find opportunities for improvement. When these professionals stop working to improve, their marketplace quickly devalues them.

Being a professional is not a function of position or grade level. It is a function of individual attitude and self motivation. Organizations can assist their employees to improve themselves through sponsoring formal course work and on-the-job training. This, unfortunately, is not enough. Each of us must also invest in ourselves for today and the future. We cannot afford to forget that professionalism and self development are career long companions. One of the reasons I have such positive feelings about AGA and our Chapter is the many ways they help us grow professionally.

I wish you and your family good health and good fortune in the year ahead.

## SUMMARY OF RECENT LUNCHEON MEETINGS AND EXECUTIVE COUNCIL MEETING

By Alan J. Strelser, Secretary

### Remarks of Mr. Roger Carolus

Mr. Carolus was our luncheon speaker on November 16, 1993. The luncheon, which was jointly sponsored with the Institute of Internal Auditors, was held at the National Press Club. Mr. Carolus is a member of the Project Advisory Council to the Committee of the Sponsoring Organizations (COSO) of the Treadway Commission. Mr. Carolus discussed events that have occurred since COSO's Report on the Integrated Framework of Internal Control was issued in September 1992.

Mr. Carolus said that the Report has had limited acceptance. It has been severely criticized by Congressional and GAO representatives. He discussed the substance of the criticisms leveled in some detail while agreeing or disagreeing with specific points. The major points of contention between GAO and Mr. Carolus about the Report include the extent of reliance to be placed on work performed by internal versus external auditors, public reporting on internal controls, and exclusion of the safeguarding of assets from financial reporting controls.

Mr. Carolus stressed the importance of accountability as a companion of responsibility. He sees leading our organizations in developing and executing exposure-based, self assessment programs which identify high exposure activities as a major challenge.

### Remarks of Mr. Tony Williams

Mr. Tony Williams, USDA's Chief Financial Officer, spoke at our December 2, 1993 luncheon meeting held at the Touchdown Club. Mr. Williams substituted for Secretary of Agriculture Mike Espy who was attending GATT talks in Europe.

Mr. Williams' remarks focused on the size and diversity of the Department of Agriculture and its programs and on the organizational structure in place when he took office. Few nations have a larger budget or greater amount of assets to manage. USDA has programs in 10 of the 17 major budget functional categories. It has operated as a loosely connected aggregation of 43 separate agencies with a workforce of about 110,000 people carrying out the Department's programs around the world. Its thousands of field offices employed computer systems that could not talk to each other and did not share a common data dictionary.

The Department is being reshaped to make it more open, accessible, effective, and friendly to the public. A reorganization plan has been sent to Congress which reduces the number of agencies by 13 and the field offices by 1,200. Over 5 years, staffing will be reduced by 7,500 and savings of \$2.3 billion will be yielded. The reorganization is based on six customer-oriented missions:

- Farm Income, Farmer Service
- Rural Development
- Hunger and Nutrition
- The Environment
- Food Safety
- Science and Research

The need for greater fiscal accountability at all levels has been recognized with the restructuring. At all levels, a new focus and stronger commitment have been made to:

- Improve the efficiency of the administration of the entire Department,
- Provide decision makers with a reliable and consistent stream of accurate and timely programmatic and financial data, and
- Use programmatic and financial performance measurement to gauge progress and determine whether public monies are spent wisely.

### November 24, 1993 Executive Council Meeting

Attendees: Larry Wilson, Pat Wensel, Alan Strelser, Judith Fuerstenberg, Marcus Page, Warren Cottingham, Mitchell Laine, Evelyn Brown, Peter Ben Ezra, I-Ming Clark, and Bob Buchanan.

#### Business:

- Work on the Chapter's 1992/93 financial reports and detailed records was slated to be completed by mid-December. Marc Page agreed to serve as contact for the audit to be performed by a CPA firm.
- Frank Derville, who is retiring, has resigned as Member Services Director. Council members were asked to suggest candidates for the position to President Wilson. The by-laws require Council approval of a new Director.
- Given the large number of educational events this year, the Council discussed ways to increase coordination between event managers and the Treasurer to minimize workload and assure financial integrity.

# CREDIT AND CASH MANAGEMENT

## *What Financial Managers Need to Know*

Monday, January 10, 1994  
Recommended 8 Hours of CPE

The symposium addresses current issues and changes related to the federal agencies' management of cash and credit. Insight of the central support agencies, and perspectives and lessons learned from operating agency speakers will be invaluable.

Crystal City Marriott  
1999 Jefferson Davis Highway  
Arlington, Virginia  
(703) 413-5500

By Metro:  
Crystal City Stop on the Yellow or Blue Lines

*Phone Registration:*  
Washington AGA Voice Mail  
(703) 758-4080

*Fax Registration:*  
Daniel Murrin, Ernst & Young  
(202) 327-6200

*Registration by Mail:*  
AGA - Washington Chapter  
P.O. Box 44166  
Washington, DC 20026-4166

*Registration Fee:*  
\$125.00 - AGA Member  
\$135.00 - All Others

Bring completed SF-182 or check payable to "AGA - Washington Chapter," or mail to the address listed above before the seminar.

### AGENDA

- 7:30 Registration
- 8:30 Introductory Remarks by **Larry Wilson**,  
President of DC Chapter, AGA
- 8:45 *Overview of Major Credit and Cash Management Initiatives*  
**Tom Stack**, Credit and Cash Management Branch Chief, OMB
- 10:00 *New Requirements for the Current Asset Management Review and Analysis*  
**Dean Balamaci**, Director, Program Compliance and Evaluation Division, FMS
- 10:30 *JFMIP Requirements for Direct and Guaranteed Loan Systems*  
**Robyn Seaton**, Policy Analyst, Federal Financial Systems Branch, OMB
- 11:00 *Demonstration of a Lender Monitoring System Developed for GNMA, FHA, VA*  
**Frank Kesterman**, Director, Risk Assessment and Monitoring Division, FMS
- 12:00 Lunch
- 1:00 *CFR 206 - Requires that electronic payments be the primary method for payment processing*  
**John Galligan**, Director, Cash Management Policy and Planning Division, FMS
- Implementation of EDI at Federal Agencies*  
**Cindi Johnson**, Financial Projects Division, FMS
- Electronic Benefits Transfer (EBT)*  
**Jack Radzikowski**, Executive Director, Federal EBT Task Force
- 3:30 *Credit and Cash Management Performance Agreements with Agencies*  
**Ed Chase**, OMB  
Panel from HUD, FHA, and SBA

## NEW STANDARDS ISSUANCES

**The Governmental Accounting Standards Board**, a state and local government accounting standards organization, will hold public hearings in Norwalk, Connecticut in February 1994 on its newly issued Discussion Memorandum, *Reporting Contributions, Subsidies, Tap Fees, and Similar Inflows to Enterprise and Internal Service Funds and to Entities Using Proprietary Fund Accounting*. The deadline, for both submitting written comments on the Discussion Memorandum and for informing the GASB of an intent to speak at the hearing, is January 17, 1994. One copy of the Discussion Memorandum is available without charge until January 17 from the GASB Order Department, 401 Merritt 7, P.O. Box 5116, Norwalk, CT 06856-5116. Telephone orders can be made by calling (203) 847-0700, extension 555.

**The American Institute of CPA's** has released a proposed Statement of Position for public comment, titled *Accounting for Costs of Materials and Activities of Not-for-Profit Organizations and State and Local Government Entities That Include a Fund-Raising Appeal*. The GASB cleared this document for exposure at its June 1993 meeting. The proposal is a revision of SOP 87-2, *Accounting for Joint Costs of Informational Materials and Activities of Not-for-Profit Organizations That Include a Fund-Raising Appeal*. The AICPA requests comments on the proposal by January 10, 1994. Copies are available from the AICPA, 1211 Avenue of the Americas,

New York, NY 10036. Phone orders made be made by calling (212) 596-6200.

**The Cost Accounting Standards Board**, which, under the OMB Office of Federal Procurement Policy establishes cost accounting standards for Federal negotiated contracts, published the following issuances:

- A final rule, *Cost Accounting Standards Board; Applicability and Thresholds for Cost Accounting Standards*. The rule establishes, for certain negotiated contracts, the cost floor below which contracts are not subject to the Board's standards. The complete rule was in the November 4, 1993 Federal Register.
- A *Staff Discussion Paper* which proposes changes to the Board's standard for capitalization and depreciation of tangible capital assets. This proposal, announced in the November 4, 1993 Federal Register, is open for public comment through January 18, 1994. Requests for a copy of the paper must be made in writing and be received by January 3. Address requests to Dr. Rein Abel, Director of Research, Cost Accounting Standards Board, Office of Federal Procurement Policy, 725 17th Street, NW, Room 9001, Washington, DC 20503, Attn: CASB Docket No. 91-06(2).

## *Do you need a New Year's Resolution for '94?*

- ★ *I resolve to do my part to prepare and produce accurate, auditable, financial statements for my agency in a timely fashion.*
- ★ *I resolve to always audit agency operations with my Yellow Book in my hand and objectivity in my heart.*
- ★ *I resolve to prepare and submit to the Washington Connection, a technical article regarding the accounting profession or emerging financial management issues.*

**MEMBERSHIP**

By Evelyn A. Brown, Director

The Washington Chapter AGA membership committee has embarked upon a new year with renewed efforts to recruit and retain new members for our organization.

To enhance our National and Chapter cooperative efforts, a new plan has been implemented. It actually began in November 1993, but will continue through April 30, 1994. It is a challenging and rewarding program called the "Reinventing Membership Sweepstakes." The specifics are spelled out in the advertisement on the facing page. Please read it and don't miss out on the opportunity to earn AGA dollars and free AGA travel.

As of October 31, 1993 our Chapter membership was at 988. Let's keep up the good work and keep those membership applications coming in to the National Office. We would like to welcome the following new members:

Name and Agency	Sponsor
Carole S. Buncher; GAO	
Anne V. Cook; Department of State	J. Fuerstenberg
Mukesh S. Dalal; Booz, Allen and Hamilton, Inc.	
Prashant Gaur; Coopers and Lybrand	Therese Morin
John K. Greaney, Jr.; Computer Data Systems, Inc.	Irvin E. Saunce
Lisa R. Parker; Resolution Trust Corporation	Pamela Gardiner
Christopher K. Somers; Deloitte & Touche	
Carol A. St. Armand; NASA	J. Fuerstenberg

For those Washington Chapter members who have not picked up their individual ID cards, I will be available at upcoming luncheon meetings along with members of the committee to distribute the cards to you.

If you need membership applications or information on membership and related activities, please do not hesitate to call me at (202) 366-0269, or Judith Parsons at (202) 874-4781.

**CHAPTER RECOGNITION PROGRAM**

Our Chapter has earned 7,863 points in the Chapter Recognition Program through the month of November 1993.

**SASHA KING NOMINATED**

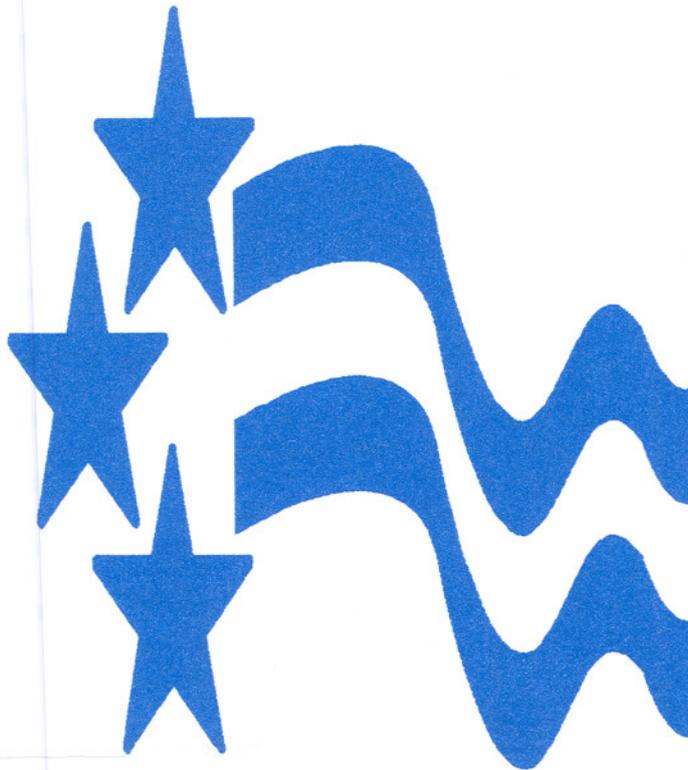
President Larry Wilson nominated Ms. Sasha King for the USA Today-sponsored All-USA Academic Team. The nomination was in recognition of Ms. King's hard work and determination in helping plan the highly successful seminar, *National Performance Review and Performance Measures*. The seminar was jointly sponsored by the AGA Washington, DC Chapter and the George Washington University Chapter of Beta Alpha Psi, the National Accounting Honor Society. Ms. King is President of the Honor Society Chapter. In his nomination, Wilson cited her intelligence and work ethic, as well as her leadership and organizational talents and relentless dedication to service.

**Appropriations Law Seminar  
February 14, 1994**

**The Washington Chapter is sponsoring a one-day Appropriations Law Seminar. The morning session will feature a focused discussion that condenses a very complex field to its essential principles. In the afternoon, experts from GAO will identify emerging issues as well as the major pitfalls to avoid. You will then have the chance to apply the principles that you have learned to some specific cases. The format of the seminar will ensure that your specific questions are answered and that you will leave the seminar with a working knowledge of the GAO's Red Book *Principles of Federal Appropriations Law*.**

## ***Announcing the "Reinventing Membership Sweepstakes"***

As a member of the Association, you can make this program a great success. All you need to do is take a few moments and discuss with your fellow co-workers, employees and professional acquaintances, the benefits you have received from AGA and let them know how they can benefit, too.



### **□ AGA Dollars**

*By recruiting a minimum of three new full or associate members between November 1, 1993 and April 30, 1994, a member of AGA will earn 15 AGA dollars per member recruited. These AGA dollars can be spent on any AGA items through April 30, 1995, including personal dues and functions of the AGA Education and Research Foundation.*

### **□ Fishbowl Drawing**

*By recruiting a minimum of three new full or associate paid members between November 1, 1993 and April 30, 1994, a member of AGA will be included in a fishbowl drawing, the winner of which will get free round trip transportation, lodging and registration to any National AGA meeting in*

*calendar year 1994 or 1995. If the AGA member recruits six new full or associate paid members, that person will get in the fishbowl twice.*

### **□ AGA Dollars - The Rules**

1. To be eligible for AGA dollars, you must be an AGA member in good standing.
2. New membership applications must be received by the National Office with payment of membership dues during the period November 1, 1993 to April 30, 1994, showing the name of the sponsoring member.
3. The AGA National Office will compute the amount of AGA dollars per sponsoring member, and will notify each sponsoring member of that amount.
4. National Executive Committee members are not eligible to participate.

### **□ Fishbowl Drawing - The Rules**

1. To be eligible for the drawing, you must be an AGA member in good standing.
2. New membership applications must be received with membership dues by the National Office during the period November 1, 1993 to April 30, 1994, showing the name of the sponsoring member.
3. The sponsoring member's name will be placed in the fishbowl for every three new full or associate paid members, up to two entries per AGA member into the fishbowl.
4. National Executive Committee members are not eligible to participate.

***Don't Miss This Opportunity to Earn Your 1994 Dues and Travel Free to a National AGA Function!***

**AGA WASHINGTON CHAPTER  
CHAPTER EXECUTIVE COUNCIL  
FOR 1993/1994**

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