

ASSOCIATION OF
GOVERNMENT
ACCOUNTANTS

AGA NEWSLETTER

WASHINGTON CHAPTER

OCTOBER 1986

THURSDAY October 2, 1986 LUNCHEON MEETING TO FEATURE



FREDERICK D. WOLF
Director, Accounting and Financial
Management Division
U.S. General Accounting Office

Speaking on
AUDIT QUALITY

at the SAM RAYBURN HOUSE OFFICE BUILDING
Room B-338, "C" and South Capitol Streets
Near Capitol South Metro Station

Social	
Period	11:15
Luncheon	12:00
Cost	\$13.00 (Members with reservation)
	\$15.00 (Non-members and No Reservation)

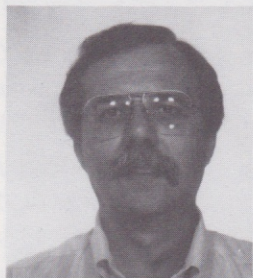
For Luncheon Reservations Call 639-6882 (8:00 a.m. to 8:00 p.m.)
Telephone Reservations Accepted Thru September 30, 1986

NON MEMBERS WELCOME

All Reservations Guaranteed

Meeting Schedule: • Nov. 5 • Dec. 4 • Jan. 8 • Feb. 5 • Mar. 5 • Apr. 2 • May 7

PRESIDENT'S MESSAGE



GARY PALMQUIST

Our AGA year is underway on a positive note. Dan McGrath and Ken George our Membership Co-Chairs report Chapter membership is above 1000 again. I hope this is only the start in a rebuilding year in which we concentrate our Chapter energies on getting members and serving members.

We plan to make some changes which I think you'll like. Mike Speer of GAO gave us some advice on our Newsletter printing arrangements. Co-Chairs Lee Beaty, Anna Wilson, and Herb McLure are exploring ways to keep a quality Newsletter and reduce costs. I'm also hoping to exchange newsletters with other large AGA chapters with the hope that we can bring you some of their better articles. Of course, I think many of the other chapters would enjoy republishing many of the informative articles prepared by our members.

I also plan to change our luncheon meetings by having our speaker presentation at 12:00 followed by the meal at 12:30. In that way I hope the audience can discuss the ideas presented by the speaker during their meal. We will have a question and answer period after the meal to resolve any issues which arise during the mealtime conversation. I appreciate the assistance provided by our Meeting Chairperson, Judith Boyd and our Programs Chairperson, Loretta Shogren in this effort.

We have other exciting initiatives in the works which I hope we can successfully implement during the year. For example, I think you will find the Education program planned for you this year by Doris Chew and Diane Bray is going to be convenient, interesting, and affordable.

DUE DATES FOR NEWSLETTER INPUT

Following are 1985-86 due dates for input to the AGA Washington Chapter Newsletter:

December—October 20	March January 26
January November 24	April February 23
February December 29	May March 23

Articles or other input are encouraged and should be forwarded to Lee Beaty (275-9430), Anna Wilson (376-5415), or Herb McLure (275-4905)

CHAPTER RECOGNITION

by Jean Bowles, Committee Chair

In preparation for the 1986-87 year, here are a few ideas from the National Chapter Recognition Program. The emphasis is on recognition rather than competition. No longer is there a first place, second place approach but, instead, an acknowledgement of chapters earning 10,000 or more points with a \$100 award. Last year, we again earned more than 10,000 points.

The program is broad, covering chapter administration, meetings, newsletter, education, membership, manuscripts, research, public service and awards. We would like to alert you to several opportunities that may pertain specifically to you. All of the following activities earn credits: your coming to monthly luncheons, writing articles for or submitting professional news about our members to the Newsletter, getting new members or involving and keeping current members, publishing 1200 or more word papers on financial management, submitting "Technical Notes" of 50-100 words to *Topics*, participating in VITA or the Financial Management Course for small businesses or a career day or other public service. Let your Recognition Chairman know of your accomplishments.

OCTOBER 21

NOVA CHAPTER AUDIT QUALITY DAY

AGA's NOVA Chapter is presenting a ½-day conference on audit quality, October 21, 1986, featuring Comptroller General Charles A. Bowsher. The conference will begin at 1:00 p.m. at the Ramada Inn, I-395 and Seminary Road, in nearby northern Virginia, and will run through the afternoon. The chapter's regular monthly dinner meeting will follow the conference, and Comptroller General Bowsher will provide his views on audit quality as the evening's guest speaker.

A \$60 conference fee includes both the conference and dinner meeting. The dinner meeting alone costs \$13 for chapter members and \$15 for non-members. A social hour begins at 6:00 p.m. For reservations and further information contact JoEllen Kowalski at 275-9412.

ASSOCIATION OF GOVERNMENT ACCOUNTANTS WASHINGTON CHAPTER EXECUTIVE BOARD 1986-1987

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Mike Merson, Financial Management
Service, 436-6840

Chapter Evaluation

Ronald Lynch, Arthur Anderson,
862-3324

Chapter Recognition

Jean Bowles, State, 524-1188

Education

Diane Bray, DOD 695-0839
Doris Chew, JFMIP, 376-5415

ABOUT OUR SPEAKER THIS MONTH

Frederick D. Wolf is the Director of the Accounting and Financial Management Division of the U.S. General Accounting Office (GAO). Prior to joining the GAO in August 1983, Mr. Wolf spent 21 years with Arthur Andersen & Co., an International Accounting Firm.

Mr. Wolf's responsibilities include:

- financial audits of U.S. Government-owned corporations and federal agencies,
- establishing accounting and auditing policies for the federal government,
- audits of federal agency financial management systems, and
- audit oversight of federal Inspector General and internal audit functions.

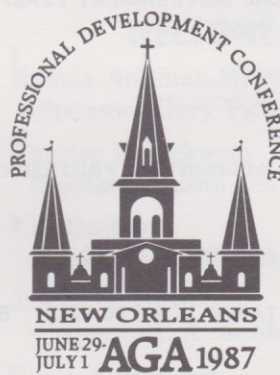
Mr. Wolf is a graduate of the University of Michigan where he was a member of Beta Alpha Psi, the national accounting honorary society, a member of the junior class and senior class university honorary societies and an All American swimmer.

Upon graduating from the University of Michigan in 1962, Mr. Wolf joined Arthur Andersen & Co., in their Chicago office where he worked in their Manufacturing & Merchandising Division. In 1969, Mr. Wolf spent 8 months with the State of Illinois Department of Finance as a Consultant. During this time he was involved in the re-establishment of an internal audit function as well as a number of other financial management activities.

Upon returning to Arthur Andersen, Mr. Wolf transferred to their office in the Netherlands where he worked as an audit manager for 2 years. In 1971 Mr. Wolf transferred to the Hamburg, Germany office where he functioned as managing partner from 1975 to 1979. Mr. Wolf returned to the United States in 1979 to the firm's Houston office.

During his career with Arthur Andersen, in addition to his client work, Mr. Wolf was involved in a number of special projects and served on the firm's training development committee as well as several industry oriented task forces.

Mr. Wolf is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants as well as the Illinois/Texas Societies of Certified Public Accountants. Mr. Wolf is also a member of the Association of Government Accountants (AGA).



Time To Renew Your Membership

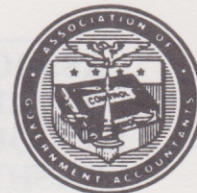
Renewal notices were mailed in mid-August. If you do not receive yours please notify Ken Sullivan at National Office as soon as possible (703-684-6931). It is important that you send in your renewal as soon as possible since membership benefits are discontinued after two months on the delinquent list. Our new dues year begins October 1, therefore, anyone not remitting would be purged from our active mailing list and would cease receiving materials from AGA after the distribution of the December newsletter, which occurs the end of November.



IT'S NOT TOO LATE

Conference Tapes From The

PROFESSIONAL DEVELOPMENT CONFERENCE



RECORDED LIVE !

RECORDED RESOURCES CORPORATION WAS PROUD TO PROVIDE PROFESSIONAL RECORDING SERVICES FOR AGA'S PROFESSIONAL DEVELOPMENT CONFERENCE. THE CONFERENCE RECORDINGS ARE NOW AVAILABLE BY MAIL TO MEMBERS OF AGA FOR A LIMITED TIME ONLY. ALL CASSETTES ARE FULLY GUARANTEED.

PROGRAM 6022

TAPE 1	\$ 7.00	TAPE 13	\$ 7.00
GOVERNMENT AND THE PRIVATE SECTOR - A PARTNERSHIP FOR PUBLIC PROFIT - A GOVERNMENT CONTRACTOR'S PERSPECTIVE		NEW CHALLENGES IN CONTRACT PRICING (E-4)	
TAPE 2	\$ 7.00	TAPES 14A & 14B	\$ 14.00
INFORMATION SYSTEMS MATURITY		BUDGET LIFE BEYOND GRAMM-RUDMAN (G-7)	
TAPE 3	\$ 7.00	TAPE 15	\$ 7.00
THE NEW FINANCIAL MANAGER - A VOLVO OR AN EDEL ?		PRESIDENT'S INVITED ADDRESS	
TAPE 4	\$ 7.00	TAPE 16	\$ 7.00
GRAMM-RUDMAN ACT - WHAT FINANCIAL MANAGERS SHOULD KNOW (B-1)		AUDIT RESOLUTION - HOW AND WHEN DOES IT OCCUR? (D-6)	
TAPE 5	\$ 7.00	TAPE 17	\$ 7.00
BUDGETING AND MANAGING CAPITAL INVESTMENTS (G-1)		PROFESSIONAL LIABILITY (F-4)	
TAPE 6	\$ 7.00	TAPE 18	\$ 7.00
THE PROCUREMENT PROCESS - DIFFERING POINTS OF VIEW		GOVERNMENT AND THE PRIVATE SECTOR - A PARTNERSHIP FOR PUBLIC PROFIT - A FEDERAL GOVERNMENT PERSPECTIVE	
TAPES 7A & 7B	\$14.00	TAPE 19	\$ 7.00
LEGAL CHALLENGES OF THE AUDITOR (D-2)		CHALLENGES TO THE ACCOUNTING PROFESSION	
TAPES 8A & 8B	\$14.00	TAPE 20	\$ 7.00
SINGLE AUDITING IMPLEMENTATION (D-3)		MANAGEMENT OF CONTRACT COSTS - WHO IS RESPONSIBLE ?	
TAPE 9	\$ 7.00	TAPE 21	\$ 7.00
GOVERNMENT AND THE PRIVATE SECTOR - A PARTNERSHIP FOR PUBLIC PROFIT - THE STATE/LOCAL GOVERNMENT PERSPECTIVE		CAN AUDITORS POLISH THEIR IMAGE (D-7)	
TAPE 10	\$ 7.00	TAPE 22	\$ 7.00
ACCOUNTING OPERATIONS		SUPERVISING FORMER PEERS (F-5)	
TAPE 11	\$ 7.00	TAPE 23	\$ 7.00
CURRENT DEVELOPMENTS IN THE ACCOUNTING PROFESSION		MANAGING GOVERNMENTS - SOME RECENT TRENDS	
TAPE 12	\$ 7.00	TAPES 24A & 24B	\$14.00
MANAGING INTERNAL CONTROLS FOR RESULTS (C-5)		ENSURING AUDIT QUALITY (D-8)	

CASSETTE PRICES: 1-5 TAPES \$ 7.00 EACH; 6-11 TAPES \$ 6.50 EACH; 12 OR MORE TAPES \$ 6.00 EACH.



TO ORDER: SIMPLY INDICATE YOUR SELECTIONS ABOVE, AND COMPLETE THE ORDER FORM. DETACH ENTIRE PAGE, AND MAIL IT WITH PAYMENT TO THE ADDRESS BELOW.



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INTERGOVERNMENTAL ISSUES

by
W.A. Broadus

The U.S. General Accounting Office has a project underway to clarify, update, and revise as necessary the *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions*, better known as the "yellow book." As part of the project to revise the standards the Comptroller General has appointed an Auditing Standards Advisory Council to provide advice on this project. The Council includes persons from federal, state, and local audit organizations, public accounting and the academic community. Based on the council's suggestions and recommendations a draft of the proposed revisions was prepared, and will be discussed at the council's September 8 meeting. Subsequent to the council meeting an exposure draft will be prepared and released to the government audit community and other interested organizations for review and comment.

The major draft proposed revisions to the "yellow book" include:

- Single Audit—includes references to the Single Audit Act of 1984.
- Procuring Audit Services—includes advice to procuring officials on factors to consider.
- Scope of Audit Work—expands and clarifies the types of assignments that a government audit organization might perform.
- Applicability of the standards—clarifies when the standards should be followed.
- Qualifications—clarifies the need for continuing professional education and training, a quality control system, and participation in a peer review program.
- Independence—clarifies impairments to independence.
- Due Professional Care—expands discussion on audit follow up and choosing audit tests and procedures.
- Audit Risk and Materiality—clarifies and expands discussion as it relates to the government environment and specific assignment objectives.
- Fraud, Abuse, and Illegal Acts—clarifies and expands discussion on the auditor's responsibilities.

- Internal Control—clarifies and expands on the study and evaluation of internal controls.
- Auditing Computer-Based Systems—clarifies and expands on the auditor's responsibilities.
- Reliance on Other's Work—includes criteria for relying on others.

For additional information on this project, or to receive a copy of the exposure draft when it is released, please contact Bill Broadus (202) 275-9425.

Bill Broadus is Group Director in GAO's Accounting and Financial Management Division and is a member of AGA Washington Chapter.

MPG TO HOST CONTROLS WORKSHOP

In conjunction with its October 8 monthly dinner meeting at the Greenbelt Hilton, Montgomery-Prince George's Chapter of AGA is hosting a half-day workshop on streamlining management control reviews. The video-based and hands-on workshop is designed to provide participants with new tools and methods to perform and document management control reviews to agencies, organizations or institutions, and to present a new approach to perform management control reviews that require less documentation and staff resources than previously needed to comply with the evaluation and documentation processes promulgated by OMB and GAO. Instructors are Richard Willett of Grant Thornton, former HUD IG Charles Dempsey, and Elsa Porter, former Assistant Secretary of Commerce. For information call John Oliphant on 755-0733 or Dick Pelletier on 245-0621. Registration deadline is October 6.

WELCOME NEW MEMBERS

Brenda Aultman-Messi Peace Corps
(Sponsor—Gary Palmquist)

Charles Barackman Treasury-FMS
(Sponsor—Susan Lee)

J.R. Bashar EPA
(Sponsor—Susan Lee)

James G. Bittner Defense Comm. Agency
(Sponsor—L.A. Isenberg)

Carol A. Boitand Con. Prod. Safety Comm.

Carl F. Dolinka IPA
(Sponsor—Susan Lee)

Daniel H. Drechsel MSA
(Sponsor—Doris Chew)

William E. Edwards Proprietary Comp. Sys.
(Sponsor—Dan McGrath)

(Continued on Page 7)

AGA WASHINGTON CHAPTER

UPCOMING TGIF LUNCHSHOPS

"TAX REFORMS"

Friday, October 24, 1986
11:30 a.m.--1:30 p.m.

Speaker:

ROGER CHARIN
Tax Principal
Arthur Young and Company

Location:

Hubert H. Humphrey Building
200 Independence Avenue, SW
Room 800 (Penthouse)
Washington, D.C.

There is limited seating on this session, so that reservations will be accepted on a first come first served basis. Please contact Anna Wilson on 376-5415 to register.

"PERSONAL INVESTMENT STRATEGIES UNDER THE NEW TAX REFORMS"

Friday, November 21, 1986
11:30 a.m.--1:00 p.m.

Speaker:

MARGARET WELCH
Consultant
Alexandra Advisors

Location:

Hubert H. Humphrey Building
200 Independence Avenue, SW
Room 800 (Penthouse)
Washington, D.C.

There is limited seating on this session, so that reservations will be accepted on a first come first served basis. For more information, please contact Barbara Jackson on 376-8825.

*Bring a brown bag lunch or purchase a buffet lunch (sandwiches)
for \$5 for Washington Chapter members, \$6 for nonmembers.*

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MEMBERSHIP DRIVE PICKS UP MOMENTUM NATIONAL ANNOUNCES INCENTIVES

By Dan McGrath and Ken George
Co-Chairpersons, Membership Services

AGA can only grow and, therefore, do more for its members by increasing its size. Accordingly, it is recognized that each member has a professional responsibility to acquaint other financial management professionals with the advantages of belonging to AGA—the Association of Government Financial Management professionals. For the more aggressive recruiter, National Office has announced the continuation of the incentive program of cash awards established last year.

The cash awards to be provided individuals that sponsor new members are as follows:

- Top Sponsor—must sponsor over 20 new members to qualify **\$200.00**
- Second Highest Sponsor—must sponsor over 20 new members to qualify **\$150.00**
- Additional sponsors of over 20 new members **\$100.00**
- Sponsors of 16-20 new members **\$ 75.00**
- Sponsors of 11-15 new members **\$ 50.00**

Conditions: In order to qualify as a sponsor, the sponsor's name must be clearly printed in the space provided on the application for membership form at the time the form is submitted to National Office. A sponsor designation can not be added after the application form is submitted. Also, only paid memberships will be considered in determining sponsorship for the purpose of qualifying for awards. Tabulation of the final figures will be as of the postmark date April 30, 1987.

While all members are enthusiastically encouraged to actively pursue recognition under the cash incentives program, it remains essential to the vitality of the Chapter that all of us make the minimum effort to attempt to recruit one or two new members. Therefore, if you have not, recently, extended an invitation to a non-member to join the Washington Chapter, please do so as soon as possible. We need full participation in the program if the Chapter is going to reach the goal assigned to it by National Office of a 10% increase in membership. This equates to a projected growth of about 100 members. However, since even under the best of retention efforts we can anticipate to lose 10% of our existing membership in any given year, we will actually need to recruit approximately 200 new members to meet our assigned growth goal.

Membership application brochures may be picked up at any of the regular luncheon meetings or obtained by calling Dan McGrath on 566-3717 or Ken George on 634-9163.

We are still in need of several persons in each agency to serve as Assistant Membership Committee Chairpersons. The time commitment of these positions is minimal and presents an ideal opportunity for members who would like to be active but have not been able to devote the time to the Association's more involved endeavors, to participate. If you are interested or would like more information please contact us.

WELCOME NEW MEMBERS (Continued from page 5)

Albert J. Elko	Admin. Off. of U.S. Courts (Sponsor—Gary Palmquist)
John T. Fassl	Price Waterhouse (Sponsor—Elena Pappas)
Paul R. Ferm	Citizens & Southern Nat. Bank (Sponsor—Lenwood Keyes)
Karen K. Fulton	Nat. Credit Union Admin.
Carlos Gomez	Amer. Inst. for Free Labor
Arthur E. Guyer	Dept. of Energy
Lonnie Hunter	Treasury
Roni S. Itagaki	Proprietary Computer Sys. (Sponsor—Dan McGrath)
Gerald L. Johnson	EPA (Sponsor—Susan Lee)
Olga E. Johnson	GAO (Sponsor—Lee Beaty)
Buckrey Jamison	HHS
Mary B. Koechlin	Treasury-FMS (Sponsors—Len Keyes/Dan McGrath)
Grace H. Liang	Dept. of Labor (Sponsor—C. Anita Byrd)
James H. Maruldo	Dept. of Energy
Steven D. Olson	Naval Medical Command
David B. Pariser	GAO
Douglas C. Person	Dept. of Transportation (Sponsor—Harry Feldman)
Patricia Pride	FASB (Sponsor—Dan McGrath)
Edward M. Rouse	Watson, Rice & Co.
John D. Rouse	Treasury-FMS (Sponsor—Dan McGrath)
William S. Schroeder	Naval Audit Service (Sponsor—James Elmore)
Eugene Schulman	Treasury-Public Debt (Sponsor—Edward Sealander)
Richard J. Stepakof	Systems Development Corp.
Michelle G. Sturman	Price Waterhouse (Sponsor—Elena Pappas)

DID YOU KNOW . . .

By Charles McAndrew

—This month we are featuring the Office of Management and Budget (OMB) and in particular, the Financial Management Division.

—OMB issued a memorandum to the Heads of Executive Departments and Agencies on 8/4/86 titled *Reform '88 Improvements in Management Controls*.

—Attached to the above was Revised OMB Circular A-123, *Internal Control Systems*, dated 8/4/86.

—The Circular encourages more flexible review procedures of two types. The first is an assessment of the risk of fraud, waste, and abuse, and other losses in both program and administrative activities. The second is a more detailed review of higher risk areas to determine whether necessary controls are in place and working.

—The Circular requires agencies to establish and maintain cost effective systems of internal controls to provide reasonable assurance that Government resources are protected against fraud, waste, mismanagement or misappropriation, and that both existing and new programs and administrative activities are effectively and efficiently managed to achieve the goals of the agency.

—The Circular requires further that the systems comply with the Financial Integrity Act and the internal control standards developed by the General Accounting Office.

—The Circular also requires agencies to maintain a current internal control directive assigning management responsibility for internal controls. In addition, agencies must develop a Management Control Plan, to be updated annually. The plan's primary purpose is to identify components, risk rank components (high, medium, or low), and provide for necessary evaluations

over a five year period. Material weaknesses and other areas of management concern may also be monitored through the plan.

—OMB issued a Memorandum to the President's Council on Management Improvement 8/20/86 titled, *1986 Financial Integrity Act Reports*. This memo provides guidance to agencies in preparing 1986 reports on their accomplishments under Reform '88 and their 1986 Financial Integrity Act reports. This memo emphasizes that all material weaknesses are to be reported.

—OMB issued a Memorandum to the President's Council on Management Improvements 8/12/86 titled *Financial Systems Reform*. This memo provides additional guidance to agencies on upgrading their financial systems under Reform '88. Plans submitted with the FY88 budget must show greater reduction in number of systems and better compliance with OMB Circular A-127, *Financial Management Systems*.

—A joint Memorandum to Heads of Departments and Major Agencies, dated 8/14/86, *Federal Financial Management Systems* was issued by the Secretary of Treasury, the Director of OMB, and the Comptroller General. It mentions the recent release of Treasury's revised financial reporting requirements. OMB has just issued (in September) the U.S. Government standard general ledger developed by the Department of Transportation and six other agencies. The general ledger provides for the basic budget and accounting support for consistent financial reporting to OMB and Treasury.

—Questions on OMB's recent financial management activities should be directed to Dave Gribble, Director of the Financial Integrity Task Force, OMB, on 395-3993.

—Don't forget to call me on 695-1070 with your financial management items of interest.

NEWSLETTER

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ASSOCIATION OF GOVERNMENT ACCOUNTANTS
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OCTOBER 1986

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