

# The Washington Connection

ASSOCIATION OF GOVERNMENT ACCOUNTANTS  
WASHINGTON D.C. CHAPTER



Issue 4 • December 2010

DEC

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## LUNCHEON SERIES

**James R. Dalkin, General Accountability Office (GAO)**

### Director, GAO

Division of Financial Management & Assurance

**"What You Need To Know  
About Upcoming Yellow Book Changes"**

Wednesday, December 8, 2010

11:30 am - 1:30 pm • Clydes of Gallery Place



[Read Bio](#)

## Save The Date

**Annual Spring Education Conference**  
Tuesday, May 3, 2011 - Wednesday, May 4, 2011  
at the Ronald Reagan Building

Planning is underway and we look forward to another informative and worthwhile conference. Stay tuned for details as they become available.

## Announcements

### Holiday Party

**Tuesday, December 14th.**

Old Ebbitt Restaurant

More Info Coming.

*"People ask the difference between a leader and a boss. A leader leads, and a boss drives."*

*- Theodore Roosevelt*

Click here to sign up to get newsletter and meeting notices automatically e-mailed <http://agadc.org/mlistsubscribe.php>

## Note From the Editor



by **Jorge Asef-Sargent,**  
**Editor**

Welcome to the December edition of the Washington Connection! In this month's edition of the newsletter we have information on the up-coming luncheon for December (which

remains popular as ever!), the winter and spring training schedules for the CGFM, and community service opportunities. In the ***Inside the Black Box***, Simcha Kuritzky, brings us a technical article on Prior-Period Adjustments for Errors and our AOC Corner includes an article discussing perspectives on the continuing resolution expiring in December. Also, look for information on our Holiday Happy Hour in the Member Services section of this letter.

This newsletter is only made possible because of the contribution of articles from the chapter's members. Thank you for all who submitted articles—these articles reflected the depth of knowledge and experience in this group, and the newsletter team is fortunate enough to review and publish these articles. We hope that you enjoy the newsletter and find it helpful for keeping up to date on events in the chapter and in AGA. Our team strives to produce a high quality newsletter notifying AGA D.C. members of Chapter and National events and services. And, if you are not already a member, we encourage you to join the AGA D.C. Chapter and enjoy the many benefits it offer, in particular the high quality luncheon series, learning opportunities, and conferences.



Do you have any comments or suggestions regarding the newsletter? Do you have an article you would like to see printed? Have you developed a time-saving process or procedure on the job? Have you traveled to any interesting locations? The Washington Connection requests that you submit any and all items of interest to our federal, state, and local members including: reviews of recently published books related to financial management; unique travel experiences or assignments; lessons learned on roll-outs of new systems; appointments or promotions; employment opportunities; and noteworthy accomplishments by our members. We also welcome digital photos that accompany your submission. Your articles, comments, and ideas are what make this newsletter go and we welcome all input!

Sincerely,

*Jorge Asef-Sargent*

Jorge Asef-Sargent, CPA, CGFM  
AGA D.C. Chapter Newsletter Editor

## Newsletter Team

*Jorge Asef-Sargent, Editor*

*Erwin Solbach, Graphics*



# President's Message



by Doug Glenn

AGA DC Members,

One of the proudest moments of my career occurred six months ago as I was leaving GSA as the DCFO for new challenges at NASA. One of my staff came in with his personal cell phone and asked me to listen to a message. He proceeded to play a voice mail I had left on his office phone three years previously about what I thought he should be doing to prepare himself for 'the next level'. He told me that he appreciated the message enough to have someone in the Information Technology department transfer the message to his personal phone and he had kept it all along to listen to periodically.

Now that the dust from our FY 2010 audits is settling, it is a good time to reflect on the corrective actions needed to address the findings that our audit friends gave us as well as a good time to reflect on ourselves and our careers. Therefore, I'm devoting this message to sharing some of the leadership thoughts I believe have helped me in my career and that have help me reach, 'the next level'.

- **Identify two or three good leaders from anywhere in history** (e.g., a mentor, a supervisor, a President, a general, a parent, etc.) and ask yourself, what makes them a good leader. Was it their confidence? Their trustworthiness? Their willingness to make a decision? The fact that they had your best interest at heart? Focus on whatever traits make them a good leader and emulate them. The clearer those traits are in your mind and the more you practice them, the more you'll be that type of leader.
- A good friend and mentor taught me that **everyone has something to contribute**. I remember a GS-14 in the 510 series who didn't know the Standard General Ledger. He drove me nuts at first. I complained to my mentor one evening over a beer: "This guys makes \$100K as a Federal accountant and he doesn't even know the SGL!" My mentor smiled and told me that everyone has something to contribute. My job as a leader was to find value in everyone and use it for the greater good of the office. Months later, I learned that the GS-14 was an excellent meeting planner and was more than happy to do anything around the office needing to be done. He planned some of the best conferences I've ever attended and when any special project came up, he was my go to guy and looking back, he was well worth his \$100K salary.

# President's Message (cont'd)

- One of my former GS-15s, who I consider a great leader, taught me **seek first to understand**. We all have people in our offices who seem do the wrong and/or stupid things for either no apparent reason or worse, a malicious reason. I used to react accordingly. Experience has taught me, more times than not, that simply reacting usually doesn't work well. The GS-15 I used to work with taught me how to change that. He taught me to simply talk with the person and ask what the logic was behind their action(s). I have since found that usually, there are details involved that I wasn't aware of and simply talking with them gives you a chance to learn about those details as well as jointly reach a course of action. Since learning this, I no longer react but instead seek first to understand. I have to say that my success rate in dealing with situations has improved dramatically as a result.
- **Your staff's success is your success**. In my career, I've run into plenty of managers who shamelessly pass someone else's work off as their own and never give credit to the person who provided it. I've seen managers get threatened by the fact that their staff had done something well that earned the attention of the manager's supervisor. Also, there are managers who select "yes" people or less qualified people because they didn't want to be outshined. In extreme cases, managers have 'counseled' their staff because they (the staff) were so successful. I chalk this up to insecurity but regardless, it's detrimental behavior to the organization and the people in it. Instead, I highly encourage you to remember; your staff's success is a positive reflection on you and you should be doing everything you can to encourage them to shine. If they do well, you'll do well.
- **Your job as a leader is to identify, as clearly as possible, "what success is"**. I firmly believe 99 out of 100 staff want to do the right thing and produce valuable work. If you can plant a flag in the ground and say: "This is where we're trying to go and if we get there, we've succeeded" (e.g., no material weaknesses, lower reconciling differences, less obligations older than a year, greater efficiency, etc.) and give staff flexibility in how to get there, they WILL find a way. Another top memory of my career was challenging my staff to submit the annual report (i.e., PAR) in less than 45 days. I didn't tell them how to do it, only that submitting it in less than 45 days would be a recognized success for all of us. I remember the night we submitted that year. There were eight of us huddled in a shared office at 9:00 p.m. and with the phone on speaker, we dialed the Office of Management and Budget just after submitting our PAR, to ask if anyone had before us. After learning that we were indeed the first, everyone cheered, clapped, and simply felt good about their accomplishment. If they weren't a team before that experience, they certainly were after it. To this day, that team is still responsible for the earliest PAR submission in the history of the CFO Act (November 9th).
- The staff who saved my voicemail on his personal phone reminded me to **never underestimate the influence you have on others**. Your staff and supervisors are noticing you. Take heart in knowing that if you're getting things done and making things/situations/ issues better, it will reflect well on you and 'the next level' will naturally follow as a result. Similarly, don't hesitate to help someone out for no apparent reason. You never know when you'll need a helping hand and even if you don't need it, it's always great to have.

# President's Message (cont'd)

- Finally, per Colin Powell, **make your decisions when you have 40 - 70 percent of the information available.** Any less and you're not making an informed decision. Anymore and you're probably too late or spending way to much effort. Colin Powell is my idea of a great leader (I like his decisiveness) and I keep a PowerPoint presentation of his at my desk. It can be found on the Web at: <http://www.blaisdell.com/powell/> if you'd like to read about his other thoughts on leadership.

I hope the ideas above resonate with you and more importantly help you in reaching 'the next level'.

***Good luck and happy holidays!***

Sincerely,

*Doug Glenn*

Doug Glenn, CPA  
President  
Washington DC Chapter

## *Request for Newsletter Submissions, Comments, or Suggestions*

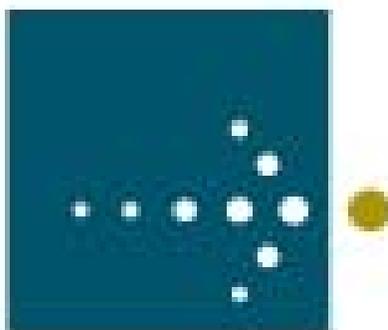
Do you have any comments or suggestions regarding the newsletter? Do you have an article you would like to see in print? Have you traveled to any interesting locations? The Washington Connection requests that you submit any and all items of interest to our federal, state, and local member including: reviews of recently published books related to financial management; unique travel experiences or assignments; lessons learned on rollouts of new systems; appointments or promotions; employment opportunities; and noteworthy accomplishments by our members. We also welcome digital photos that accompany your submission.

The deadline for submitting articles to appear in the **January 2011** issue is **December 19, 2010**. Please send your comments and contributions to **Jorge Asef-Sargent**, the newsletter editor for the 2010-2011 program year, at [jasef-sargent@kpmg.com](mailto:jasef-sargent@kpmg.com).



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## Early Careers Corner

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**Thanks to all who came to our last event. We had a bowling blast!**

**Our next event is right around the corner...**

**Please join the AGA DC Chapter Early Careers for a holiday happy hour!**

- **When:** Wednesday, December 8
- **Where:** Bar Louie/701 7th Street, NW
- **Time:** 5:00 – 7:00 pm
- **Metro:** Gallery Place/Chinatown
- **Directions:** Bar Louie is located directly across from the Regal Cinema ticket window and near the entrance to the Verizon Center.

***Food and your first drink will be provided! Drink specials will be \$3 for 14 oz draft beers, \$5 for glasses of wine, \$7 for specialty martinis and ½ price on all appetizers (except wings).***

**RSVP:** If you plan to attend, please email Alicia Schneider at [schneidera@sec.gov](mailto:schneidera@sec.gov) by Monday, December 6.

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### Upcoming events

**January 2011**  
Ski Trip

**February 2011**  
Fondue Party

Regards,

*Lena Lewis & Stephen Wills*

DC Early Career Committee Directors

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## WANT TO HELP?

If you're interested in being a liason or joining the mentor program, as either a mentor or mentee, please contact Kesha Pendergrast at 202-351-8636 or:

[Pendergrast\\_kesha@pendergrastconsulting.com](mailto:Pendergrast_kesha@pendergrastconsulting.com).

## Connect to the World of Government Accountability



AGA serves government accountability professionals by providing quality education, fostering professional development and certification, and supporting standards and research to advance government accountability.

Click on the link below to view a short AGA video:

<http://www.agacqfm.org/downloads/agaweb.wmv>

# CGFM News and Upcoming Events

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Karl Payne

by Karl Payne



Leon Fleischer

Greetings! As we fast approach the Xmas holiday, Leon and I would like to take this opportunity to highlight the following items of interest. If you have questions or interest in CGFM please feel free to contact Leon or myself at [kpayne@kpmg.com](mailto:kpayne@kpmg.com) and [leon.fleischer@sba.gov](mailto:leon.fleischer@sba.gov).

## Winter CGFM Training

The dates for the Winter CGFM Training has been rescheduled for January 11, 12, 13 and 18, 19, 20. This was necessary to ensure a suitable training environment in a convenient Downtown location. During the six days, the instructors will cover all three modules of the CGFM exam. There is no cost to the students, not even the cost of the CGFM study guides, which will be provided at the beginning of each module. These are very popular classes, and usually fill up very quickly. Registration will be first come, first serve. Registration will open the first full week in December. When registration opens, an announcement will be posted to the Chapter Website, and an email notification will be sent via the Chapter email distribution list.

## CGFM Compensation Survey

Did you know that AGA conducted a compensation survey earlier this year? The results of the survey showed that those who had earned a CGFM designation reported a higher average salary than those who do not hold this certification: \$105,815 compared to \$78,905, a difference of 34 percent. The compensation survey report can be found at <http://www.agacgfm.org/cgfm/downloads/CGFMCompensationSurvey.pdf>

## Intensive Review Course

The National AGA Office recently announced that it is once again offering a great opportunity to take the CGFM Examinations and earn your CGFM after the Ninth Annual National Leadership Conference (NLC). AGA will be hosting a two-day Intensive Review Course on Monday, February 21, and Tuesday, February 22, 2011, and an opportunity to take the CGFM Examinations on February 23-24, 2011. The event will take place in Alexandria, VA. The cost of the course is only \$279 for qualified participants, and it offers 18 CPE hours. Special Bonus: The CGFM Examinations are offered at no cost to course attendees. More information and a registration form for this event are available on the AGA website ([http://www.agacgfm.org/nlc\\_2011/cgfm\\_exams.htm](http://www.agacgfm.org/nlc_2011/cgfm_exams.htm)).

## Spring CGFM Training

We are also offering a Spring CGFM Training. The dates will be March 8, 9, 10 and 15, 16, 17. The scope and content is the same as the Winter CGFM Training: six days, all three modules, no cost to the students. The registration will also be first come, first serve. Registration will open in early February. When registration opens, an announcement will be posted to the Chapter Website, and an email notification will be sent via the Chapter email distribution list.

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# Accountability Outreach Committee Corner

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## Perspective on Continuing Resolution

By Thad Juszczak

The current Continuing Resolution (CR) expires on Friday, 3 December, so Congress will have to do something before that date. There are three basic options available:

- Congress could pass an omnibus appropriations bill, including funds for all 12 regular appropriations.
- Congress could pass another short term CR lasting into February to allow the new Congress to deal with the appropriations.
- Congress could pass a long term CR lasting until the end of FY 2011.

Because of the need to get 60 votes to pass just about any legislation in the Senate, the House Democrats have surrendered the CR debate to the Senate, where the Senate appropriations committee has been assembling an omnibus bill (with some Republican support) that would cut about \$26 billion from the FY 2011 President's Budget. However, the Republican support was obtained through some guaranteed earmarks, which now senior Senate Republicans are vowing to ban. Therefore, it is not clear that an omnibus bill will ever come to the floor for a vote. The calendar further complicates matters as the Congress will likely be in recess during Thanksgiving week, effectively giving them only a few days to act when they return.

House Democrats do not favor a short term CR as they will lose their ability to influence the final appropriation bills in the new Congress, even though this option might be the path of least resistance as it defers any substantive decisions. A long term CR that goes through the end of FY 2011 would effectively freeze all agencies, including security agencies (Defense, Homeland Security, and Veterans), at FY 2010 funding levels, although there could be an exception made for security agencies.

No matter which option is implemented, it may only be temporary. The House appropriations committee Republican staff have been working on a rescission package totaling \$62 billion, which could be applied to any funding option chosen. The Senate Republican Conference also approved a resolution calling for a roll-back of spending to FY 2008 levels (except for security agencies), which would lead to a funding level about \$100 billion less than the FY 2011 President's Budget.

In a sign of the times, Republicans are having problems getting the new, young conservatives to serve on the House appropriations committee. The committee is apparently not the plum assignment that it used to be. Especially with an earmarks ban, some perceive that the appropriations committee will become a cutting committee, not an additional funding committee. Bob Livingston, a former appropriations committee chair noted, "For any politician, cutting is not as fun as spending."

There is also a stark contrast in leadership history. The top three House Democratic leaders have all been appropriators. None of the top three House Republican leaders has ever served on the appropriations committee.

*Thad Juszczak*

Thad Juszczak is a Director in Grant Thornton's Global Public Sector. He has served in a variety of budgeting and performance management positions in a wide range of Federal agencies before retiring as a senior executive. He has over 30 years of experience in the areas of Federal budgeting, performance management, and financial management. Thad can be reached at [thad.juszczak@gt.com](mailto:thad.juszczak@gt.com).

## Awards Committee Update

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### THE AGA/DC AWARDS COMMITTEE NEEDS YOUR HELP!

Annually, the Association of Government Accountants presents at the Professional Development Conference and Exposition a series of awards to recognize individuals for their contributions to the Association. We need your assistance in identifying outstanding individuals who exemplify the characteristics described below:

- **Robert W. King Memorial Award**—an AGA member who has provided superior service that enhanced the AGA's national prestige and stature.
- **Einhorn-Gary Award**—An active AGA member or organization that has, over a sustained period of time, made major contributions to advancing government accountability at the federal, state, and/or local level.
- **Frank Greathouse Distinguished Leadership Award**— A government employee who has demonstrated sustained outstanding leadership and notable contributions to financial management, and to encourage increased interest, growth, development and distinctive leadership in the field of financial management.
- **Achievement of the Year Award**—A government employee who has exhibited leadership or outstanding achievement in developing, implementing and improving financial management in government service in the past year.
- **Educator Award**— An individual who have made significant contributions to the education and training of government financial managers.
- **Cornelius E. Tierney/Ernst & Young Research Award**— An individual who throughout their careers (minimum of 15 years) have made continuous contributions to governmental financial management by their direct participation in research activities and/or through their encouragement and support of others engaged in government financial management research.
- **Chapter Service Award**—An active AGA member who has consistently made important contributions to the development and enhancement of a chapter.
- **International Achievement Award**—A government employee who has exhibited leadership or outstanding achievement in international government financial management.
- **Emerging leader Award of Excellence**— A government financial manager with 5 to 10 years experience providing notable contributions toward excellence in financial management.

Please send the names and nomination information of outstanding professionals to Eleanor Crawford at [Eleanor.long@EY.com](mailto:Eleanor.long@EY.com) no later than March 15, 2011. If you need assistance or have questions, feel free to contact Eleanor at 202-327-5903. For more information on each of these awards and their nomination forms, visit AGA's National website: [www.agacgfm.org/membership/awards](http://www.agacgfm.org/membership/awards).

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## Want to Make a Difference?

### Consider a Career in Government Financial Management

Are you, or someone from your chapter planning to attend a career fair, or an event for college students? AGA now has an eye-catching brochure that offers information about government financial management careers and answers questions for aspiring government financial managers regarding the qualifications and skills needed to get started. It also includes a bookmark for students that directs them to the Tomorrow's Professionals website for more information. To order free copies of the brochure, please submit the collateral order form found in the Members Only section on the AGA national website [www.agacgfm.org](http://www.agacgfm.org) or contact **Jessica Jones** at [JJones@agacgfm.org](mailto:JJones@agacgfm.org).

## Mentorship

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### Mentorship & Community Service Joining Forces...

Special Thanks to **Stu Eisenman** for allowing Keshia Pendergrast and Sharnell Montgomery to present the "Benefits of joining AGA" to Junior and Senior Students in his Accounting Information Systems class at University of Maryland, Baltimore County (UMBC) in late October. Surprisingly, the class was very engaged and asked questions about the distinction between budgetary and proprietary accounting.

It was a pleasure to provide suggestions and guidance to students that will one day be working with us in Government accounting!



*View the pictures from this event on the Snapshots pages.*

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### Save the Date...

**STAY TUNED** for more details about our next mentoring event...**SPEED MENTORING**, slated for January 2011. If you have any questions or suggestions, please reach out to Sharnell Montgomery at [Sharnell.Montgomery@gt.com](mailto:Sharnell.Montgomery@gt.com)

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### We Want To Hear From You

**How can the AGA DC Mentorship Program be improved?**

We are seeking feedback from our mentors and mentees.

- ***What would you like to see done differently?***
- ***What activities would you like to see implemented in the future?***
- ***What can we do to help you be more effective in your role (mentee/mentor)?***

Feel free to let us know what you think about the program. All feedback can be sent to [Pendergrast\\_kesha@pendergrastconsulting.com](mailto:Pendergrast_kesha@pendergrastconsulting.com).

## Community Service

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### Build-A-Bear

On Tuesday the 16th Stu Eisenman, Director of Community Services, had a activity at Build-a-Bear at the Montgomery Mall location. These little critters were donated to the Children's National Medical Center in DC so the kids can have a happy, healthy holiday. President Doug Glenn also was on hand to create these little critters for the kids.



### Turkey Outreach

Stu Eisenman, Director of Community Services, represented the AGA in a outreach activity where he helped prepare over 5,000 turkey dinners for needy families at the McGlean Bible Church. All congregation members worked as a wonderful team to make this project a success.



## Member Services

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Hello from Member Services! We hope that everyone made it through year-end and can take some much deserved time off in the coming weeks. We have changed things a bit this year and introduced two new events this fall including a vineyard day and a hike along the C&O Canal and Potomac River. We also held a networking happy hour in November on the rooftop of the W Hotel. It was a great chance to meet new people, celebrate the successes related to the year-end close, and enjoy beautiful views of the city. We hope that all who attended enjoyed the events!!!

We are pleased to announce two upcoming events. On December 14 we will be holding a holiday happy hour at Old Ebbitt Grill. Also, in January we will be organizing a night at the Verizon Center to cheer on the Washington Capitals. Please look for emails in the coming weeks for more details. If you RSVP for events in the future we ask that you please stay committed or inform us immediately if you will not be able to attend. Our events are often at capacity so if you sign up and don't attend you are preventing someone else from joining. We would really appreciate your consideration on this matter.

***As always, thanks to our sponsors!  
Without their support these events would not be possible.  
Happy holidays everyone!!***

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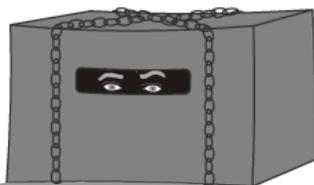
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# Oversight™ Systems

# Inside the Black Box

by Simcha Kuritzky, CGFM CPA



## Update to Prior-Period Adjustments for Errors

### Introduction

Over two years ago, I discussed correcting errors. Treasury has now added a new wrinkle for comparative statements.

### Errors

Where an actual transaction was recorded wrong, the effect is handled retroactively. For example, say \$50 million was posted to 1720 Construction-in-Progress over a couple years for a building and when the building was completed, the entire amount was accidentally expensed instead of capitalized. This error wasn't caught until after the old-year books had been closed. There are two ways of posting the correction: retroactive correction and prior-period adjustment. And now there are two ways of posting a prior-period adjustment: prior year and before prior year.

### Errors - Retroactive Correction

If \$50 million is not considered material for the agency, the agency should record the correction in the expense accounts. Since the account 6100 Operating Expenses/Program Costs is for funded expenses and the funding was posted in prior years for the purchase of 1720, an unfunded account such as 6610 Cost Capitalization Offset should be used to update the Statement of Net Costs. No entry is made to the 8100 series of memoranda accounts, since the purchase was in a prior year (if the expenditure entry had been left off the books for the prior year instead of being accidentally expensed, then 4982 Upward Adjustments of Prior-Year Delivered Orders - Obligations, Paid would be credited, the 8100 series also posted, and no postings made to expenses). Now the question arises as to what to do with the depreciation? It results from an error, but depreciation is only an estimate, allocating the asset cost over time. Let's say the asset was completed in July but the error wasn't caught until seven months later, in the following February. I believe the depreciation should be handled prospectively, but where interim results are not crucial to any decision makers, it could be prospective for the entire year (i.e., retroactive only to the beginning of the current year, no matter how many old years may be involved). For example, if the asset is used for reimbursable work, will the clients be upset if there is a 5 month depreciation entry in February? If so, then a purely prospective entry should be used, where depreciation is  $(\$50M - \$2M) / (30 * 12 - 3 - 4) = \$135,977.33/\text{month}$ . If the agency chooses to make the entry prospective from the beginning of the year, the depreciation is  $(\$50M - \$2M) / (30 * 12 - 3) = \$134,453.78/\text{month}$  and recorded as follows:

<b>Debit</b>	<b>1703</b>	Buildings, Improvements, and Renovations	\$50,000,000
	<b>6710</b>	Depreciation, Amortization, and Depletion	\$537,815
<b>Credit</b>	<b>6610</b>	Cost Capitalization Offset	\$50,000,000
	<b>1739</b>	Accumulated Depreciation on Buildings, etc.	\$537,815

These accounts would be reported as normally done on the Statement of Net Cost, and flow through as current-year activity on the Statement of Changes in Net Position. If \$50 million is not material, then the debit balance in 6100 should exceed the credit balance in 6610 and there would not be any abnormal balances or totals on the financial statements.

## Inside the Black Box (Cont'd)

### Errors – Prior-Period Adjustments – Prior Year

If \$50 million is considered material for the agency, the agency should restate its old financial statements and record the correction as a prior-period adjustment. If there is an expected salvage value of \$2 million and a 30 year life, the monthly depreciation would be  $(50M - 2M) / (30 * 12) = \$133,333.33/\text{month}$ . Since we are already recording a prior-period adjustment for the missed capitalization, we may as well throw in the missed depreciation as well: 3 months for the prior year and 4 months for the current year.

<b>Debit</b>	<b>1703</b>	Buildings, Improvements, and Renovations	\$50,000,000	
	<b>6710</b>	Depreciation, Amortization, and Depletion	\$533,333	
	<b>Credit</b>	<b>7400</b>	Prior-Period Adjustments Due to Corrections of Errors	\$49,600,000
		<b>1739</b>	Accumulated Depreciation on Buildings, etc.	\$933,333

If only the current year is reported, then the posting to account 7400 would not be reported on the Statement of Net Cost. Instead, it would be reported as an adjustment to beginning balances on line 2b of the Statement of Changes in Net Position. However, if comparative statements are presented which include the balances from the prior year, then the 7400 entry would be reported as if it were 6610 in the prior-year column of the Statement of Net Cost and the current-year beginning balance would be adjusted on the Statement of Changes in Net Position by adjusting the Net Cost amount on line 15 in the prior year column.

### Errors – Prior-Period Adjustments – Prior Year

Now let's say the \$50 million is material, but that it was caught 19 months later instead of 7. If only the current year is reported, then the treatment of this adjustment is no different from an adjustment that occurred in the year immediately prior. The agency still posts to 7400 and the amount adjusts beginning Cumulative Results on line 2b of the Statement of Changes in Net Position. However, if comparative statements are presented, then instead of changing the beginning balance of the current year, the agency has to change the beginning balance of the prior year. It would not run through the Statement of Net Costs for the prior year. In order to segregate these adjustments from those that affect the year immediately prior, the USSGL Board has introduced three new SGL accounts: 3105 Unexpended Appropriations - Prior Period Adjustments Due to Corrections of Errors - Years Preceding the Prior Year which replaces 3108, 5705 Expended Appropriations - Prior Period Adjustments Due to Corrections of Errors - Years Preceding the Prior Year which replaces 5708, and 7405 Prior Period Adjustments Due to Corrections of Errors - Years Preceding the Prior Year which replaces 7400. Accounts 3105 and 5705 would be used when adjusting expenditures, which is not the case in our example. So instead of the entry above, we would have:

<b>Debit</b>	<b>1703</b>	Buildings, Improvements, and Renovations	\$50,000,000	
	<b>6710</b>	Depreciation, Amortization, and Depletion	\$533,333	
	<b>7400</b>	Prior-Period Adjustments Due to Corrections of Errors	\$1,600,000	
	<b>Credit</b>	<b>7405</b>	Prior-Period Adjustments Due to Corrections of Errors - Years Preceding the Prior Year	\$49,600,000
		<b>1739</b>	Accumulated Depreciation on Buildings, etc.	\$2,533,333

The \$1.6 million of depreciation that should have been recorded in the prior year will run through that year's Statement of Net Costs (and so is represented by a debit to 7400), while the \$400,000 of depreciation that should have been recorded before the prior year is posted to 7405 which offsets the \$50 million posted there to back out the erroneous expenses.

## Inside the Black Box (Cont'd)

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### Conclusion

There are three models for correcting errors and estimates. Only material corrections of fact (not estimates) can be recorded as a prior-period adjustment, which also requires that prior-year statements be restated. Non-material corrections are recorded as regular activity for the year, but correcting a prior-year funded expense might require recording an unfunded expense in the current year (unless the expenditure was also not recorded previously). Correcting estimates should only be done prospectively. However, if the prior-period adjustment directly impacts an estimate such as depreciation, it may be possible to include the impact of the estimate together with the correction of fact in the adjustment.

*Simcha Kuritzky*

**Simcha Kuritzky, CGFM CPA**

Comments and critiques, as well as specific questions or suggestions for future topics, are always welcome. Send them to [Simcha.Kuritzky@CGIFederal.com](mailto:Simcha.Kuritzky@CGIFederal.com), and not to the AGA.

This column is provided as part of a free exchange of ideas in federal accounting, and is not reviewed substantively before publication.

## Luncheon Speaker: James R. Dalkin, CPA

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James R. Dalkin, CPA, is a Director in GAO's Financial Management & Assurance Division. Among Jim's responsibilities are the overall responsibility for revising Government Auditing Standards (the Yellow Book); Standards for Internal Control in the Federal Government (the Green Book); and GAO's work with the accounting and auditing profession. In addition, Jim is an adjunct professor at Georgetown University teaching finance and accounting in the graduate and undergraduate programs. Jim has been appointed to the Auditing Standards Board beginning in January, 2011.

# Snapshots

# MENTORSHIP AT UMBC



# Snapshots

# MENTORSHIP AT UMBC



# Snapshots

# OCTOBER LUNCHEON



# Snapshots

# MCCLEAN CHURCH OUTREACH



# Snapshots

HAPPY HOUR



# Snapshots

# HAPPY HOUR



# Snapshots

# EARLY CAREERS EVENT



# Snapshots

# EARLY CAREERS EVENT



# Snapshots

# EARLY CAREERS EVENT



## Meetings Team

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Ryan Bolz

Mark and I would like to thank all of you for your active participation at our monthly luncheons at Clyde's. Thanks to you, the DC Chapter of AGA has had two sell out luncheons in a row (of up to 150 members). The compliments we have been getting are very much appreciated too.

For December's luncheon, we plan on having Clyde's famous Grilled Chicken dish as our main entrée, with a special holiday touch, followed by a great dessert.



Mark Kandra

We look forward to seeing you all at the December luncheon.

***Happy Holidays!***

*Ryan Bolz and Mark Kandra*

**Ryan Bolz, Mark Kandra  
Meeting Team**

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# DECEMBER 2010

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	2	3	4
5	6	7 Toys-for-Tots (Community Service) Washington DC	8 Holiday Party (Early Careers)  December Luncheon Clyde's of Gallery Place 11:30am - 1:30pm 1.0 CPE	9	10	11
12	13	14 AGA CEC Conference Call: 12-1pm	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

**NOTES:**

# JANUARY 2011

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	
						1	
2	3	4	5	6	7	8	
9	10 Make-A-Wish Foundation Washington DC	11	12	13	14	15	
16	17	18	19 Make-A-Wish Foundation Clyde's of Gallery Pl. ***** Speed Mentoring HH Chophouse (DC)	20	21	22 Ski Trip Tri-Chapter Ski Liberty	
23	24	25	26	27	28	29	
30	31	<b>NOTES:</b>					

# FEBRUARY 2011

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15 AGA CEC	16	17	18	19
20	21 Tax Assistance Location: TBD	22	23 February Luncheon	24 Fondue Party	25	26
27	28					

**NOTES:**

# Calendar of Events - 2010/2011 Program Year

Month	Luncheons	Community Service	Education	Mentorship	Early Careers	CEC Meetings
November		18	17		18	
		<b>Build-a-Bear</b> Location: Washington DC	<b>Audio Conference</b> Topic: Achieving Transparency - The Next Step to Integrating Your Data		<b>Bowling Party</b> Location & Time: Lucky Strike, Washington DC; TBD	
December	8	7	8		8	14
	<b>December Luncheon</b> Location & Time: Clyde's of Gallery Place; 11:30am -1:30pm Speaker: James R. Dalkin, CPA CPE: 1.0	<b>Toys-for-Tots</b> Location: Washington DC	<b>Audio Conference</b> Topic: Risk Assessments and SAS Updates		<b>Holiday Party</b> Location & Time: TBD	Teleconference #: 888-283-7402 Access code: 2809637 12:00 - 1:00 PM
January	19	10	19		22	14
	<b>January Luncheon</b> Location & Time: Clyde's of Gallery Place; 11:30am -1:30pm Speaker: TBD CPE: 1.0	<b>Make-a-Wish Foundation</b> Location: Washington DC	<b>Audio Conference</b> Topic: Are We Winning the Improper Payments Battle?	<b>Speed Mentoring Happy Hour</b> Location & Time: Washington, DC (Metro Accessible); 6pm - 9pm Note: Exact Location TBD	<b>Ski Trip Tri-Chapter</b> Location & Time: Ski Liberty; TBD	Teleconference #: 1-800- 767-1750 Access code: 2809637 12:00 - 1:00 PM
February	23	21			24	15
	<b>February Luncheon</b> Location & Time: Clyde's of Gallery Place; 11:30am -1:30pm Speaker: TBD CPE: 1.0	<b>Tax Assistance</b> Location: TBD			<b>Fondue Party</b> Location & Time: Melting Pot; TBD <b>ALTERNATE DATE:</b> February 24	Teleconference #: 888-283-7402 Access code: 2809637 12:00 - 1:00 PM
March	16	17	2 / 23		8	14
	<b>March Luncheon</b> Location & Time: Clyde's of Gallery Place; 11:30am -1:30pm Speaker: TBD CPE: 1.0	<b>Job Fair</b> Location: UMBC	<b>Audio Conference</b> Topic: Auditing Tools ***** Improving Performance Reporting		<b>St Patty's Day Happy Hour</b> Location: TBD	Teleconference #: 888-283-7402 Access code: 2809637 12:00 - 1:00 PM
April	20	16	20		21	14
	<b>April Luncheon</b> Location & Time: Clyde's of Gallery Place; 11:30am -1:30pm Speaker: TBD CPE: 1.0	<b>Habitat for Humanity</b> Location: TBD	<b>Audio Conference</b> Topic: Fraud		<b>Beer Lab</b> Location & Time: Gordon Biersch; TBD	Teleconference #: 888-283-7402 Access code: 2809637 12:00 - 1:00 PM
May	18	19			5	14
	<b>May Luncheon</b> Location & Time: Clyde's of Gallery Place; 11:30am -1:30pm Speaker: TBD CPE: 1.0	<b>Cell Phone Collection</b> Location: TBD <b>**Collection during Happy Hour**</b>			<b>Cinco de Mayo Fiesta</b> Location & Time: Austin Grill; TBD	Teleconference #: 888-283-7402 Access code: 2809637 12:00 - 1:00 PM
June		9	8			14
		<b>Lyons Club Eye Glass Collection</b> Location: TBD	<b>Audio Conference</b> Topic: Internal Controls			Teleconference #: 888- 283-7402 Access code: 2809637 12:00 - 1:00 PM

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