

ASSOCIATION of GOVERNMENT ACCOUNTANTS

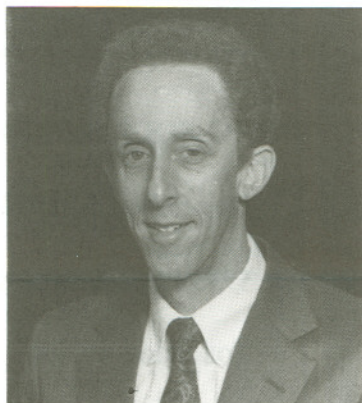
THE WASHINGTON CONNECTION

Washington Chapter • P.O. Box 423 • Washington, D.C. 20044-0423 • (703) 758-0480 • November 1992

WASHINGTON CHAPTER LUNCHEON MEETING

THURSDAY
NOVEMBER 5, 1992

SPEAKER



THOMAS J. BUCKHOLTZ
COMMISSIONER, IRMS, GSA

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

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

- . Reservations strongly recommended.
- . Call (703) 758-4080 Voice Mail through November 3, 1992
- . Non-Members are welcomed.
- . No-Shows are expected to pay.
- . Walk-ins are welcomed on space available basis.

IRM: CATALYST FOR THE FUTURE

Mr. Thomas J. Buckholtz was appointed the Commissioner of the General Services Administration (GSA's) Information Resources Management Service in October 1989. He is responsible for government-wide programs dealing with the acquisition and management of telecommunications and computer equipment, systems and services. Mr. Buckholtz came to GSA from the Pacific Gas and Electric Company (PG&E) in San Francisco where he headed the company's Office Technology Project during the deployment of that firm's first ten thousand desk top computers. By negotiating rights to copy and use software packages throughout PG&E, he pioneered for the software marketplace the practice now known as "site licensing". He was the vice-president of the Insurance Technology Company between 1976 and 1978, and developed a computer system to help the Washington State Department of Labor and Industries administer the state's workers' compensation program.

See inside for details on our
first AGA chapter education
course for the 1992/93 year:

SEMINAR



TRAVELING IN
HARD TIMES

Thursday, Nov. 12, 1992

PRESIDENT'S MESSAGE

by

Marcus W. Page**AGA, Washington Chapter****GOOD START, SO FAR, FOR THE 1992-1993 PROGRAM YEAR!**

Our September meeting with Gerald Riso as speaker was well attended. The Potomac River Cruise later in September was a sellout with 125 people partaking of good food, entertainment, lots of good company, and a beautiful day!

I'm sure you know that our jobs are not simply recording transactions, preparing reports and auditing the results. We also play an important role in managing the effective use of resources. Our first one-day seminar of the year provides you the opportunity to catch up on what has happened in the last few years in a very important resource area.

TRAVEL -- think about it -- more is said and done about travel than almost any other object class. Travel is controlled separately, regulated extensively, budgeted frugally, and audited closely. And what gets more press? So, get the last word on travel from those who know it. Come to a full day of speakers, panel discussions, workshops and vendor demonstrations on **Thursday, November 12, 1992, at the Hyatt Regency on Capitol Hill.** Having current information on the best practices is important to how you do your job, whether you are an operations, systems, or policy accountant, or an auditor reviewing agency travel operations. Sign up now!

The Executive Committee has voted to provide assistance to a new accountants association in Lithuania. If the Grateful Dead can sponsor the Lithuanian Olympic basketball team, we can sponsor their accounting association. The association has begun operation with an initial membership of 200. One of the main purposes of the association is

to assist the Lithuanian accounting profession to make an orderly transition from a centrally-planned economy to a western-type market economy. For starters, we will be providing accounting principles and standards documents from FASB, GASB, and GAO as well as auditing guidelines. The name of the association is **Lietuvos Apskaitininku Draugijal**. I have been assured that means **Lithuanian Accountants Association**, but from now on we will refer to them as **LAD**. If any of you are interested in joining the Committee to provide support to **LAD**, please call **Diane Dogan Hilliard (202-622-0560)** -- and if any of you speak or write Lithuanian or German, that would be an added bonus.

EVENING SOCIAL/MEETING

Date: **November 5, 1992**

Time: **5:30 PM - 8:00 PM**

Place: **Touchdown Club**

Sponsor: **The Washington Chapter Activity Committee**

Cost: **No admission charge
Complimentary hors d'oeuvres/
refreshments and cash bar**

Contact: **Brian Lee
(202) 622-1450**

**Rachelle Harris
(202) 535-5143**

Chapter Recognition Program

The Washington DC Chapter has earned **3,977 points** in the National's Chapter Recognition Program through the month of September!

FMS Pioneers FFS Conversion For Cross-Servicing Client Agencies

Most organizations depending on computer systems for their daily work are reluctant to migrate to a new release of software before they absolutely must. The old familiar shortcomings in the current version may be a nuisance but a limitation that is predictable. It takes some courage to risk the hazards of a new improved version which may run into unexpected problems. Making such a conversion of an accounting system in the final quarter of a fiscal year takes even more courage, but that's what the users' group of THE CENTER asked for and that's what we've done.

THE CENTER's Agency Accounting Cross-Servicing Program is the first of the American Management System's (AMS) Federal Financial System (FFS) licensees to implement FFS Release 5.0. The conversion process required four months of coordinated effort by FMS, AMS, and Agency Accounting's client agencies.

Agency Accounting's clients were involved in each step of the FFS Release 5.0 conversion which was completed in late August. Their client agencies are members of a user group which meets regularly to address topics of mutual interest. The user group provides a forum for them to speak with a unified voice to express ideas, raise concerns, and prioritize their interests. For this software conversion, Agencies participated with THE CENTER in the analysis, development of test scripts, and functional testing of the new FFS software release prior to the conversion. Agency training also coincided with the conversion date.

The new release continues to fulfill all the requirements of the Office of Management and Budget Circular A-127, and complies with the Joint Financial Management Improvement Program (JFMIP) Core Systems Requirements, GAO Title II, and the Accounting Policies and Procedures Manual for Federal Agencies. Some of the new or enhanced features include: improved budget execution module and accounts receivable modules, enhanced security features, more user-friendly documentation, enhancements for year-end closing activities, cleaned-up source code, and more efficient and faster processing.

The five agencies currently being cross-serviced, who decided to take the risk in FY 92 in order to obtain the improved year-end closing features are the Small

Business Administration, the Departmental Offices of the Treasury, the U.S. Soldiers' and Airmen's Home, the National Mediation Board, and the Inter-American Foundation. On October 1, 1992, three additional client agencies of THE CENTER join them in live operations--the Nuclear Regulatory Commission, the U. S. Naval Retirement Home (Gulfport, MS), and the Federal Law Enforcement Training Center (Glynco, GA).

The software upgrade was Agency Accounting's second major effort this year to improve the quality of its service to client agencies. The first was migrating their applications to a new hardware platform. In May 1992, FMS moved the Agency Accounting Cross-Servicing processing from an IBM 4381 to a newer IBM 3090 mainframe which provides faster processing, greater reliability, and increased computer capacity for clients. As THE CENTER strives to improve services by keeping current with the latest releases of software, they also will maintain their commitment to provide forums for customer involvement. THE CENTER's business objectives are two-fold: to assure that expert capabilities and services are available to clients; and, to continue to meet the financial management needs of client agencies.

For further information on the FFS Release 5.0 conversion by THE CENTER, or for more general information about the Agency Accounting Cross-Servicing Program, you may contact William Mills on (FTS/202) 376-1380.

Community Outreach Update

This year, AGA is doing something very special for the Thanksgiving holiday. We are asking members to bring two non-perishable food items, or monetary contributions to the **October and November Business meetings**, and the **November Luncheon**, for donating to the Project Harvest (charitable annual tax-exempt food drive).

Our small donations, combined with other professional and non-professional organizations, corporations, and Federal and state governments, will provide food for needy citizens in the local community.

Remember, "We are Making a Difference" during the Thanksgiving holiday season.

Please contact Deborah Chevalier, Coordinator, at (301) 731-5300 ext. 2134.

New Recruitment Assistance Program IN FMS

Recruitment! How attractive does a career in financial management with the Federal government look to a graduating college student? According to a recent study by the Association of Government Accountants (AGA), a major problem facing governmental accounting and finance programs is the recruitment of well qualified personnel to meet current and future needs. Adding to this problem is the hiring process, which is neither simple nor quick.

The Center for Applied Financial Management (THE CENTER) of the Financial Management Service (FMS) conducted a survey in the Spring of 1992 that also supports these findings. Responses to THE CENTER's financial management survey indicated a governmentwide need to recruit entry level accountants and financial management staff. Respondents also voiced a need to streamline the current hiring process and to develop options to the current resource-intensive, time-consuming practices. The findings in these studies have led FMS to take a hard look at this problem, its causes, and possible solutions.

The result is that FMS is developing an exciting and cost effective alternative to traditional recruitment methods. THE CENTER now offers, as a service to agencies on a cost recovery basis, the **Recruitment Assistance Program**. Agencies may now contact THE CENTER and receive highly qualified applicants ready, or nearly ready, for employment. Agencies are then open to immediately interview and select the applicants.

These applicants are recruited from a variety of sources including national advertising, on-campus interviews and other college relations activities. They are a highly diverse group coming from all parts of the country and from both large universities and small colleges. For the past several years, FMS has built and maintained cooperative relationships with the institutions. With a well developed base of applicants, agencies may consider applicants who have specialized experience or who meet special criteria for direct appointments, such as under the Outstanding Scholar Program.

In many agencies, accounting and finance programs take a back seat to the agency's main line function - making it difficult for financial managers to get the program support they need. Personnel offices at these agencies devote the majority of their resources to meeting the agency's primary staffing needs and may not have the capability to meet the special staffing needs of financial program managers, too. At FMS, finance and accounting IS our main line function. Through the FMS Special

Recruitment Program, the hiring of entry level financial staff has been very successful.

Over the past several years FMS has filled nearly 250 entry level positions. Applicants selected have been highly motivated. The retention rate over the past four years has been high--at nearly 80 percent. FMS has received widespread recognition for the accomplishments of its Special Recruitment Program, including a recent award from the International Personnel Management Association (IPMA) citing the program's effectiveness in directed college recruitment.

In FY 92, THE CENTER's Recruitment Assistance Program looked attractive to Treasury's Bureau of the Public Debt (BPD). As one of our clients, BPD had an immediate need to fill a sizable number of accounting and finance positions at its new headquarters in Parkersburg, WV. Within a few days, FMS referred more than 30 highly qualified entry level accountants and Outstanding Scholars to the agency. They expect to fill at least 10 positions from this group. BPD indicated to FMS that they were impressed with the quality of the applicants and that they found the quick availability of applicants saved BPD both time and money.

Helping agencies recruit and retain well qualified personnel is THE CENTER's business. If you would like to get involved with this new opportunity, call Karen Cavanaugh of THE CENTER's Consulting Staff on (202) 376-1320.

Advantages to Recruitment Assistance

- * Access to broad based recruitment source
- * Select from high quality group, not from what is available
- * Little program planning requirements - Select applicants as needed
- * Quick response to filling jobs
- * Low administrative costs
- * No advertising/marketing costs
- * No program start-up/close down costs
- * No need to dedicate staff resources/time to recruit

EDITOR'S NOTES

Submissions for the Newsletter articles are due to the Editor no later than the 4th day of each month. It would be extremely helpful to send your submission on a diskette. Your comments and suggestions are welcomed. Volunteers are needed to assist with the newsletter. Minimum amount of time is required. Please contact I-Ming C. Clark on (202) 622-0934.

Appropriating Government Funds Some are Looking For a Better Way

By Ronell Raaum - NOVAGA President

Is there a better way to appropriate government funds—one that would establish clear roles between the Congress and agencies and create incentives and accountability for performance and results? New Zealand has adopted an interesting new appropriation and management approach as part of an effort to improve the efficiency of its economy. Inefficiency in the government sector was constraining the economy as a whole. The following is the conceptual design; not all of the pieces are yet in place.

OLD SYSTEM

New Zealand's old appropriation system was much like the current U.S. Federal government system. Parliament authorized departments the supply of cash, by program, to acquire resources for operations, purchase assets, and pay benefits and grants. Under this system:

- Cash was the focus of control—not what was produced (outputs) or accomplished (outcomes).
 - Agencies were held accountable for (a) how much they spent on each program, and (b) what they spent the money for (salaries, travel, etc.).
 - Agencies were not held accountable for (a) how economically they acquired their resources, (b) how efficiently they used their resource, nor (c) what was accomplished with their resources.
- Few agencies kept adequate records of physical assets. Assets were paid for the first year and then disappeared from the reporting system. There were rarely (a) records of depreciation, and (b) formal methods of planning for replacement.
- Few agencies kept adequate records of liabilities.
- Government reports were on a receipts and payments basis, and did not cover the full range of government activities.
- Roles were not clearly defined.
 - Parliament became involved in administrative details.
 - Departments tried to decide program outcomes and goals.
- Performance was not measured.

NEW SYSTEM - ROLES

The roles of Parliament, the Government, and departments have been clarified under its new appropriation system.

- The Parliament authorizes the supply of cash or incurrence of costs.
- The Government (party in power):
 - Decides what it wants to achieve (outcomes) and the priority of those outcomes.
 - Selects the outputs (goods or services) that will contribute to the outcomes it is pursuing. A desirable social outcome could be accomplished by mixing outputs from several different departments and other suppliers.
 - Purchases outputs (goods and services), often as the only customer.
 - Issues financial statements semiannually and reports on performance annually.
- The departments are to deliver outputs efficiently.
 - Departments specify the set of outputs they can offer, including price, quantity, quality, time frame for delivery, and other constraints.
 - Departments may sell outputs to more than one Minister.
 - Departments must use accrual accounting.
 - Department chief executives have authority to hire, fire, and set salaries and rewards similar to the private sector but within constraints.
 - Chief executives and senior executive staff are appointed in accordance with statutorily determined qualification criteria.

As a customer, the Government is interested in the price, quantity, quality, and delivery date of the output. It is intended that good or bad performance in these dimensions will encourage the Government to change the mix—to buy more from one department and less from another.

NEW SYSTEM - APPROPRIATION

Under its new system, New Zealand has appropriations for: (a) **outputs**, to produce and deliver goods and services, (2) **capital**, to purchase assets for department operations, and (3) **cash transfer payments**, cash to pay benefits and grants on behalf of the Government. Broad classes of output are policy advice, the administration of regulations, the provisions of services, the production of goods, and the administration of grants and benefits.

SUMMARY

The New Zealand approach has some features in common with the Chief Financial Officers Act. It has

Funds (Continued)

Funds (Continued)

two major differences. One, budgeting is changed from funding based on spending (inputs) to funding based on production (outputs) with accounting and costs calculated on an accrual rather than a cash basis. The departments are responsible for output performance, while the Government and Parliament are primarily responsible for outcome performance.

BUDGET-RELATED AUDIT ISSUES SYMPOSIUM

This symposium will show you how you can do your part as auditors and accountants to ensure the most effective and efficient use of these resources.

Date: November 17, 1992

Cost: \$90.00 (includes luncheon)

Place: Sheraton National Hotel
Arlington, VA

Registration: No later than November 10, 1992

Contact: John Balakos
(202) 927-5200

Maureen Barry
(202) 927-5872

**CAPITAL REGIONAL CONFERENCE
ON ACCOUNTING AND AUDITING**

Objective: Provide the latest on accounting and auditing policies, techniques, and methods.

Date: February 1-2, 1993

Cost: \$195 AGA member
\$215 non-AGA member

Place: The Washington Marriott Hotel
1221 22nd Street, NW

Contact: John Balakos
(202) 927-5200

Maureen Barry
(202) 927-5872

MEMBERSHIP

The Washington Chapter of the Association of Government Accountants welcomes the following new and transferred members to our organization:

Irene W. Aggrey	Navy RFC
Vicki L. Beck	Dept. of Interior
Deborah J. Carey	Navy Comptroller
Suher C. Chern	USDA
Jennifer L. Childs	Dept. of Interior
Theodore V. Cross	USDA -ASC
Andrea S. Dick	DOT/FHWA
Kevin W. Douglas	Treasury - FMS
Carson K. Fleetwood	Commerce
Gary R. Gilbertson	DFAS - Hqtrs
Ronald D. Good	DOD - Air Force
Wayne R. Gracie	OPM
Dorothy M. Hamlin	GAO
John W. Hill, Jr.	DOT/OS
Monica M. Jemio	
Ava Johnston	DOT
Phyllis J. Jones	
John V. Jusovsky	Treasury - FMS
Eleanor M. Kelly	Ernst & Young
Mike F. Lampley	USDA
Thomas P. Leavitt	PBGC
Alexander C. Leonardo	
David J. Levush	DFAS
Virginia Long	Treasury - FMS
Allan I. Lund	
David S. Lutz	Interior
Linh Luu	ASMC
James F. McCall	GAO
Larry J. Modlin	
Jeffrey C. Mounts	Dept. of Education
Mary L. Murdock	Ernst & Young
Deborah E. Nixon	USDA - OFM
Lester F. Pitts, Sr.	Treasury - ATF
Paul W. Ponton	Dept. of Commerce
William H. Pugh	
John T. Raines	GAO
DOD	
Rosa L. Ricks	Andersen Consulting
James J. Rosenberger	KPMG Peat Marwick
Joseph I. Swietlik	
Judy-faye Teetz	NSF
Eileen C. Teng	OPM
Cynthia P. Wilbur	PBGC
James L. Wolbarsht	Tax Comm. on Alcohol
Linda D. Zimmer	

EDITORIAL

GET YOURSELF A COPY OF THE SEPTEMBER 1992 ISSUE OF GOVERNMENT EXECUTIVE MAGAZINE! You will find on page 31 a comprehensive story on Electronic Data Interchange (EDI). EDI is at the same stage today as the telephone was at the turn of the last century. Basically, EDI applies computer-based telecommunications to the offer, order, acknowledge, deliver, receive, and payment cycle. It's fast, it eliminates most paper, and when volume builds up, it will be substantially cheaper than the current paper-based cycle. It also integrates more closely functions that have in the past been separate: purchasing, inventory control, and financial. It also has applicability to any flow of money and information, including collections, tax payment, and benefit delivery.

EDI is going to have a big impact on your professional livelihood in the next ten years. You may want to find out as much as you can now. The *Government Executive* article mentions several sources -- the Electronic Data Interchange Association and several vendors. There is also an organization here in Washington that is focusing on EDI in government. The Electronic Commerce Executive Forum provides information, training, and support for federal agencies interested in EDI applications.

LETTERS TO THE EDITOR

I agree completely with your editorial in the September 1992 AGA Washington Connection regarding the findings noted in the GAO Report. The CFO Act needs some muscle! The CFO Act should be amended to state that all CFOs and Deputy CFOs must be professional accountants with U.S. governmental accounting experience and technical accounting qualifications. These positions should not be political or tied into elections and new administrations.

It should further be amended to state that if the Department or Agency does not comply with the CFO Act of 1990 and the Federal Managers' Financial Integrity Act of 1982, Section 4, that by FY 1995 the Agency should go to cross-servicing with another agency or obtain an accepted U.S. Government approved integrated financial management system or a GSA approved off-the-shelf financial management system. OMB and Congress

should support funding for these efforts. Why not do it right and pay the price now. It is time to stop muddling along on chaotic incompatible and costly system development!

Charles Mc Andrew
AGA Washington Chapter Member

To extinguish a Debt which exists and to avoid contracting more are ideas almost always favored by public feeling and opinion; but to pay Taxes for the one or the other purpose, which are the only means of avoiding the evil, is always more or less unpopular. These contradictions are in human nature. And the lot of a Country would be enviable indeed, in which there were not always men ready to turn them to the account of their own popularity or to make other sinister account.

Hence it is no uncommon spectacle to see the same men Clamoring for Occasions of expense, when they happen to be in unison with the present humor of the community, whether well or ill directed, declaiming against a Public Debt, and for the reduction of it as an *abstract thesis*; yet vehement against any plan of taxation which is proposed to discharge old debts, or to avoid new by defraying the expense of exigencies as they emerge.

The Consequence is, that the Public Debt swells 'till its magnitude becomes enormous, and the Burthens of the people gradually increase 'till their weight becomes intolerable. Of such a state of things great disorders in the whole political economy, convulsion & revolutions of Government are a Natural offspring.

[My previous report] suggests the Idea of "*incorporating as a fundamental maxim in the SYSTEM of PUBLIC CREDIT of the United States, that the creation of Debt should always be accompanied with the means of extinguishment* -- that this is the true secret for rendering public credit immortal, and that it is difficult to conceive a situation in which there may not be an adherence to the Maxim" and it expresses an unfeigned solicitude that this may be attempted by the United States.

ALEXANDER HAMILTON
January 16, 1795

**AGA WASHINGTON CHAPTER
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FOR 1992/1993**

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