

# ASSOCIATION of GOVERNMENT ACCOUNTANTS

# THE WASHINGTON CONNECTION

Washington Chapter • P.O. Box 423 • Washington, D.C. 20044-0423 • (703) 758-4080 • September 1993

## LUNCHEON SPEAKER

"Are We Sure We Know Why  
We Hate The Deficit?"

WASHINGTON CHAPTER  
LUNCHEON MEETING

**THURSDAY**  
**SEPTEMBER 9, 1993**

**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)



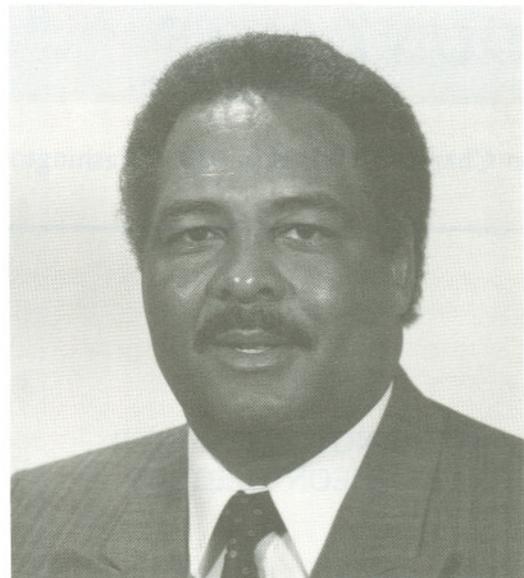
**Mr. Francis X. Cavanaugh**

- Reservations Urged
- Call (703) 758-4080 by  
September 7, 1993
- Non-Members are welcome
- No-Shows are expected to pay

Mr. Cavanaugh took office in November 1986 as the first Executive Director and chief executive officer of the Federal Retirement Thrift Investment Board. The Board is an independent Federal financial agency established by Congress in 1986 to administer the Thrift Savings Plan, a tax sheltered retirement savings and investment plan for Federal employees. For 33 years prior to that Mr. Cavanaugh was an economist with the U.S. Department of the Treasury. He was the senior career official responsible for policies regarding management of the public debt and Federal credit programs.

## *The President's Message*

I am very excited and optimistic about the year ahead as I embark upon my term as your President of the Washington Chapter of the Association of Government Accountants. I am fully committed to providing our membership with the highest level of service and ample opportunities for professional growth. I want to stimulate an environment that promotes networking and socializing within our organization and with other organizations. To do this I have established three primary goals for the Chapter and I am anxious to provide the leadership for accomplishing these goals:



Larry Wilson, President

- Goal 1

**To increase the Washington Chapter's role as a strong advocate for excellence in government financial management.**

- Goal 2

**To expand the Washington Chapter's professional development activities.**

- Goal 3

**To expand the Washington Chapter's enrollment by maintaining current membership and aggressively recruiting a diverse group of new members.**

The Chapter has an eager, energetic, and highly qualified Executive Council supporting me. With their help, and armed with a firm philosophy of quality service that I will continually emphasize, I will strive to provide a forum where each interested member can express his or her views for the benefit of the entire organization and can work productively towards achieving these goals. It is a philosophy of providing quality service to its membership and the profession, along with hard work to deliver that service, that will enable the Washington Chapter to attract and embrace new members and, at the same time, maintain its excellent reputation as the Association's most prestigious chapter.

**CHAPTER EXECUTIVE COUNCIL  
JULY 1, 1993 MEETING MINUTES  
By Alan Strelser, Secretary**

Attendees: Larry Wilson, Mark Page, Pat Wensel, Judy Fuerstenberg, Pat Dews, Hazel Fiers, Warren Cottingham, Frank Derville, Nancy Fleetwood, I-Ming Clark, Peter Ben Ezra, Evelyn Brown, Judy Parson, Alan Strelser

Call to Order: President Larry Wilson called the meeting to order at 1:00 p.m. Minutes of the May 21 CEC meeting were distributed.

President Wilson briefly discussed his goals for 1993/94 focusing on increased and more diversified membership, an expanded program of educational events, and stimulating monthly chapter meeting programs. He asked the Directors to provide him with statements of their goals and objectives in the next two weeks to facilitate preparation of the Chapter Business Plan. Discussion of the Chapter Business Plan was targeted for the August CEC meeting.

Past President Page stated that the audit of the 1992/93 financial records and statements had not begun. He expects Assistant Treasurer Pete Nahornyj to have the records for the full year ready within a couple of weeks so the audit can begin. He distributed a financial statement dated June 2, 1993, on the Regional Conference which shows a profit of \$20,785. Mark Page also discussed the distribution of profits.

Education: Hazel Fiers reported that she, Mitch Laine, Larry Wilson, Doris Chew, and Peter Ben Ezra had developed a budget and goals for six full day seminars. Registration fees of \$125 for AGA members and \$135 for non-members are recommended. The September 14 event will deal with the National Performance Review results and Performance Measures. Very high level speakers are being sought/. The October event will focus on lessons learned in the preparation and audit of financial statements.

Administration: Pat Dews plans to provide new Council members with a copy of the Procedures Manual as soon as possible.

Membership: Evelyn Brown stated that Judy Parson will assist her. Ms. Brown will work with the National Office to improve the flow of membership information to the Chapter.

Monthly Program: Peter Ben Ezra asked for suggestions on speakers and topics. He expects to negotiate an

agreement for continuing the use of the Touchdown Club. Mark Page told Peter that he would provide him with information on the voice mail procedure for meeting registration and publicity. Mark Page advised Peter Ben Ezra that most of the voice mail registrants attend the meeting. However, there is a significant number of people who come to meetings without registering.

The meeting was adjourned at 1:45 p.m.

### **EDUCATIONAL EVENTS**

The Education Committee is looking for members to help with six one-day educational events. If you are interested, please call Mitch Laine, Education Committee Chairperson, at (202) 401-0207. The planning for several events is well underway.

### **Performance Measures**

The Washington Chapter is jointly sponsoring a full-day seminar on **September 14, 1993** with the George Washington University Chapter of Beta Alpha Psi. The topic is "**The National Performance Review and Performance Measures.**" Vice President Gore has been invited. There will be discussion on the National Performance Review (NPR) and on carrying out the NPR recommendations. Several NPR representatives will present these topics. In addition, a number of panel members and other speakers from central guidance agencies and the auditing community, as well as representatives from operating agencies, professional organizations, academia, and consulting firms will discuss performance measures from their perspectives.

The session is being held at the GWU Marvin Center Auditorium. The cost is \$125 for AGA members and \$135 for non-members and is recommended for eight hours of Continuing Professional Education (CPE). Registration forms have been mailed separately. For information please call the Washington Chapter's voice mail number, (703) 758-4080.

### **Financial Reporting**

See page five of this newsletter for an announcement of the **October 20, 1993** session on "**The Road to Better Financial Reporting.**"

### **Systems Guidance**

Please mark your calendars for the November event; the tentative date is **November 15**. The topic is "**The Impact of Recent Revisions to OMB Circulars A-127 and A-130.**" More details will follow shortly.

**SUMMARY OF  
THE GOVERNMENT PERFORMANCE  
AND RESULTS ACT OF 1993**

By Melinda Jones, USDA

President Clinton signed the bill, which had been known as Senate Bill 20, into law on August 4, 1993. The purpose of the Act is to improve the efficiency and effectiveness of Federal programs by establishing a system to set goals for program performance and to measure results.

Under the Act, by September 30, 1997 each Agency head must submit to the Office of Management and Budget a strategic plan including a mission statement, general goals and objectives with an explanation of how they are to be achieved, performance goals, external factors which may prevent goal and objective accomplishment, and a description of program evaluations used in establishing or revising goals and objectives.

By Fiscal Year 1999, performance plans are to address each program activity in the budget and include resource requirements and quantifiable, measurable performance indicators, along with a description of how measured values will be verified. By March 31, 2000 and on March 31 of each year thereafter, program performance reports covering the previous year are to be submitted to the President and the Congress. These reports are to provide actual program performance achieved compared to the goals.

Agency heads will be permitted to propose waivers of administrative procedural requirements and controls which could offer opportunities for increased program performance. Examples could be increases in delegated procurement authority to line managers or use for other purposes of operating funds that would be saved through efficiencies. Waiver proposals will have to discuss in detail, in quantifiable terms, the anticipated efforts that could be made and results that could be achieved with the greater managerial and organizational flexibility to be granted under the waiver.

The Director of OMB will designate up to 10 agencies as performance goals pilot agencies for Fiscal Years 1994, 1995, and 1996. By May 1, 1997 the Director will report to the President and the Congress on the benefits, costs, and overall usefulness of the pilot project plans, including a discussion of the difficulties experienced by agencies and recommendations for changes to the Act. Up to five agencies will be designated as pilots for 1995 and 1996 for the waiver process for increased managerial accountability and flexibility and OMB will report back on that pilot as well.

In addition, three of those five agencies and up to two others will be designated as pilots for 1998 and 1999 for performance budgeting. As part of this process OMB will include as an alternative budget presentation in the budget for FY 1999, the performance budgets of the designated agencies. Performance budgeting should illustrate varying levels of performance (such as payment accuracy rate and cost of the payment process) that could be achieved with varying levels of budget resources or with shifts in priority or emphasis.

The spirit, form, and implementation strategy of the Act are all related to the Chief Financial Officers Act of 1990. The expectation is that the requirements of the two Acts will merge over time. Clearly, the mandate from Congress to Federal managers will be to coordinate integration of the two Acts into one seamless process.

The Government Performance and Results Act of 1993 has three primary implications: (1) the need to establish an Agency planning process, (2) the need to identify objective program outcome performance measures, and (3) the need to establish a process for the routine, on-going collection of the programmatic and financial data necessary to support performance measurement. New types of data will have to be collected and new or modified integrated programmatic and financial systems will be needed to accomplish this.

**CHINESE NATIONAL ACCOUNTING AND  
AUDITING STANDARDS**

By Sam Mok

July 1, 1993 was a very important day in the People's Republic of China (PRC). It marked the 72nd anniversary of the Chinese Communist Party, the implementation of the national mandatory automobile seatbelt law, and the implementation of National Accounting Standards!

Along with implementation of accounting standards, the PRC government is putting together a new national auditing standard for its government and private sector auditors. I am very privileged to have had the opportunity to play a substantive role in the auditing standards project. I was invited by the PRC government to visit China with my wife in June and provide advice and consultation on the project.

We travelled to Huangshan (yellow mountain), in Anhui Province, to join several high level PRC government audit officials along with representatives from several other countries, including Japan, England, Australia, and Singapore. We participated in a ten-day meeting to

review the draft auditing standards and the framework for regulating the auditing profession in China.

After Huangshan we went on a three-week, seven-city tour (Nanjing, Beijing, Harbin, Changchun, Shenyang, Ahanghai, and Guangzhou). We met with many distinguished national leaders, including the Auditor General, the Governor of Jilin, the mayors of Shenyang and Shanghai, and provincial bureau directors. During our stay I was appointed as a visiting professor to three Chinese universities, Financial Advisor to Shenyang, and the Audit Advisor to the Jilin Petrochemical Group.

My observation is that the Chinese auditing profession is still in its infancy since its rebirth after the Cultural Revolution. While the CPA license is issued by the Ministry of Finance, the CIA license is issued by the National Audit Administration, a separate cabinet-level agency. The difference between the two licenses is not clear at this time. One can obtain either license through examination conducted by the license granting authority, or the employing agency can confer a license to its employees under certain conditions. The education requirements are very broad and quite flexible. I found that many top audit officials were Russian trained, while some of the lower level, younger auditors are mostly U.S. trained.

Although auditing was banned during the ten year Cultural Revolution, there is immense interest now among the Chinese political leadership in upgrading the quality of the

auditing profession to western standards within the next few years. Most leaders understand that sustaining the flow of direct foreign investments into China while also supporting the current rapid economic expansion can only occur with the presence of the timely and sound financial statements and audit reports required by potential investors. The World Bank and the Asian Development Bank have been instrumental in assisting with many audit related projects. Unlike most of the eastern European countries, the Chinese government has the commitment and access to funds to finance an accelerated upgrading process.

There are local accounting firms throughout the country, with many looking for U.S. nationals to form joint ventures. These JV's are granted two year's income tax exemption and three years tax reduction, duty free importation of two foreign made cars, and many other privileges. The demand for foreign investment to upgrade production facilities and plant expansion is extremely intense. The return on investment on most of these projects appears quite handsome. The Japanese, Taiwanese, and EEC members are the biggest contributors to these foreign investment pools, U.S. businesses are somewhat handicapped by our national political position and diplomatic "seesaw" relationship with the PRC.

I am very optimistic about China's future and I highly recommend it as a vacation place.

ASSOCIATION of  
GOVERNMENT  
ACCOUNTANTS  
Washington Chapter

and



Government  
Accounting  
and Auditing  
Committee

present

**The  
Road  
to  
Better  
Financial  
Reporting**  
WEDNESDAY  
OCTOBER 20, 1993

**Registration Fee**  
\$125 AGA or DCICPA Member  
\$150 all others

**J.W. MARRIOTT HOTEL**  
1331 PENNSYLVANIA AVENUE NW  
WASHINGTON, DC

**Recommended 8 hours of CPE**

For additional information, contact Doris Chew  
at 202/376-5415, or AGA at 703/758-4080

series of documents provides agencies with functional requirements for financial management systems.

The JFMIP held its 22nd annual financial management conference on current financial management issues on April 1, 1993. The theme of the conference, "Challenging Government with Better Financial Management", was addressed by Roger C. Altman, Deputy Secretary of the Treasury, and Alice M. Rivlin, Deputy Director, Office of Management and Budget. The conference proceedings were published in June 1993.

In July 1993 the JFMIP published its "1992 Annual Report on Financial Management Improvements." This report summarizes the activities of the JFMIP during 1992, highlights the accomplishments and initiatives of central agencies in improving financial management, and summarizes initiatives which departments and agencies had in progress or completed during the year.

conference attendees and their families, such as a reception at the Kennedy Center, a Congressionally Sponsored VIP tour of the White House, and the First Annual Fun Run/Walk for charity. For additional conference and registration information and volunteer opportunities at **THE EVENT** contact Committee co-chairs:

Virginia Robinson (202) 376-5415  
Cornelius Tierney (202) 862-6292  
Diane Bray (703) 697-7297  
Steve Forman (703) 683-9600

**OCTOBER 7, 1993 LUNCHEON MEETING**

Bill Goins, Xerox President,  
Information Systems Operations

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

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*Association of  
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**THE WASHINGTON  
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