



The Sounder

Volume 13-11

May 2014

President (Pro Tem) Message

The highlight of our chapter year is the two-day conference co-sponsored with the Washington State Society of CPAs that is held in late April. As usual, this year's conference went off very well and included the necessary technical training on the current status of Government Accounting and Auditing Standards, as presented by the Government Accounting Standards Board representative, and government standards regarding grant accounting and internal controls for the Federal government, as discussed by representatives from the Office of Management and Budget and the Government Accountability Office. The conference also included speakers on where our profession is going and thoughts on performance of auditing and skill development in such areas as management and fraud detection.

Our chapter, as co-sponsor, uses the event to promote the AGA. We provide brochures listing the advantages of membership, as well as membership applications and, as a reminder, ball point pens with the AGA logo and web address.



An interesting thing about this year's pen is the end stub. The little rubber bulb, not being an eraser, appears to serve no obvious purpose. It looked to me as if the tip is designed to give compulsive pen clickers a silent way of relieving tension. A second

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Upcoming Events

National Professional Development Training, Orlando, FL, July 13-16, 2014. See AGA Website for details (agacgm.org).

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Please join us at our 2014-2015 events.

When/Where

We haven't actually firmed up any topics or dates yet. Our first meeting will be in September 2014. Please submit topic ideas and names of potential speakers to a board member. We appreciate your input!



May 5, 2014 Luncheon Meeting

Our last AGA meeting of the Chapter Year, was held at the Columbia Club, on May 5th, which featured Rick Osborn CPA, CFE, CGFM, speaking on "Life and Auditing - How They Intersect."

Rick shared his insights from his career as an auditor, which included 18 years at the State Auditor's Office and 10 years at Sound Transit. He told his audience about what he had learned and gave advice on four broad areas: Listen, know that you do not know it all, use all of your experience, and be available in other areas of your life. **Listening** is important because guidance may be out of date and processes may have evolved since the guidance was initially written. Workers have different styles, and it is helpful to take classes and practice listening techniques at home. **Acknowledging that you don't know it all** frees you to ask questions and learn from others. It also helps to broaden your understanding by reading outside of your "profession" because you never know what you can bring to an audit. **Using all of your experience** is also important, particularly in the case of using software. Additionally, there are a lot of techniques and rules that apply across different areas. Finally, **being available for other areas of your life** can include working with volunteer groups by, for example, helping out with records and finances so that others can focus on the organization's missions. There are lots of programs out there to help us learn new skills as well. Rick summarized by saying that the biggest lesson he learned was the importance of listening, and he reminded his listeners that auditing is an art and not an exact science.



Board Members Pat Bohan (L) and Karyn Angulo present the 2014 Emerald Award to Rick Osborn.

Following his presentation, Rick responded to questions for the audience. For example, he discussed some changes that have taken place over the years and their positive and negative impacts on auditing. Auditors often find themselves auditing an entire database, rather than samples as in the past. However, it's important to remember that it is still people who are doing things, and some are doing the best they can with the system they've been given. Rick also noted that it can be hard to separate compliance in good or bad faith, explaining that sometimes people are just trying to get things done more quickly or have come up with workarounds to help them get the job done. He also told his audience that he felt that having the Certified Fraud Examiner certification was useful to him as an auditor because it helped him look at things from different angles.

Rick was also honored as the 2014 Emerald Award recipient for his tireless devotion to the Seattle AGA, having served in every official capacity, including several stints as Chapter President. Rick was also acknowledged for his professional accomplishments including audit assignments with the State Auditor's Office and Sound Transit, and his involvement in Community outreach programs including Kairos Prison Ministry.

Looking for a reason to join the AGA?

The AGA offers FREE, online Toolkits and guides to help financial professionals working at all levels of government do their jobs better. These resources are specifically designed to solve some of the most vexing management and accountability issues facing federal, state, local, and tribal organizations today.

Through member participation, Partnership for Intergovernmental Management and Accountability, and collaboration with public and private industry partners, the AGA strives to produce simple, useful resources that promote greater accountability, integrity and transparency within government organizations.

Available Toolkits include:

[Risk Assessment Monitoring Toolkit](#)

Provides states with a method of assessing subrecipient risk across federal granting authorities.

[Financial and Administrative Monitoring Toolkit](#)

Assists state agencies in establishing subrecipient monitoring programs. Can be used with the Risk Assessment Monitoring Tool.

[Fraud Prevention Toolkit](#)

Helps officials at any level of government detect, combat, and prevent fraud.

[Candidate Assessment Toolkit for Grants Managers](#)

Helps government managers assess candidates for grants management positions and serves as a self-assessment tool.

[Making Better Decisions: Leveraging Government Resources in Challenging Financial Times](#)

Features a number of decision trees for use by officials at all levels of government in developing laws, regulations or guidance in a manner that enhances the likelihood of successful program performance and oversight.

2014 Governmental Accounting & Auditing Conference Tacoma, WA, with Remote Sites in Everett and Spokane

April 28-29, 2014

by Mary Ann Hardy and Tim Dobler

The Washington Society of Certified Public Accountants (WSCPA) and the Seattle chapter of the Association of Government Accountants (AGA) hosted the 2014 Governmental Accounting and Auditing Conference in Tacoma, Washington, on April 28 and 29, 2014. The conference was also broadcast via internet to locations in Spokane, Washington and Everett, Washington. Seattle AGA Chapter President-Elect Ken Smith spoke on the topic of "Promoting Accountability - Without Getting M.A.D. (Multiple Accountability Disorder)," which was both enlightening to the crowd of conference attendees and provided excellent exposure for the local AGA chapter. Seattle AGA board member Pat Bohan also played a high-profile role in the conference by introducing various speakers, including James Dalkin, Director of Financial Management and Assurance (FMA) at the Government Accountability Office, who gave a presentation entitled "Why You May Be Interested in the Green Book."



Pat Bohan of GAO's Defense Capabilities and Management Team introduces FMA Director James Dalkin at the 2014 Government Accounting and Auditing Conference in Tacoma, Washington.

Tim Dobler attended the annual conference via internet broadcast at the Everett Community College (ECC) location. The Everett attendees enjoyed a different room from years past. The Wilderness Room, located in ECC's Jackson Conference Center was quite commodious for the conference. The screen showing the live feed from Tacoma was larger than experienced in prior years and the distractions from students going to and from classes was virtually removed. From a technical point of view, the conference got off with a bit of a rocky start in Everett, due to transmission/reception speeds being insufficient to allow for an even flow of the TV feed from Tacoma. Thanks to the diligent high-tech work of our local host and

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WSCPA Government A&A Committee member, Barry Van Wieringen, a better connection was made early on and the balance of the program went off close to flawlessly.

As in previous years, the presentations were all excellent and the food, served buffet style, was good and plentiful.

The presentations were overall very good. Not being at the "live" Tacoma venue did not seem to make any difference.

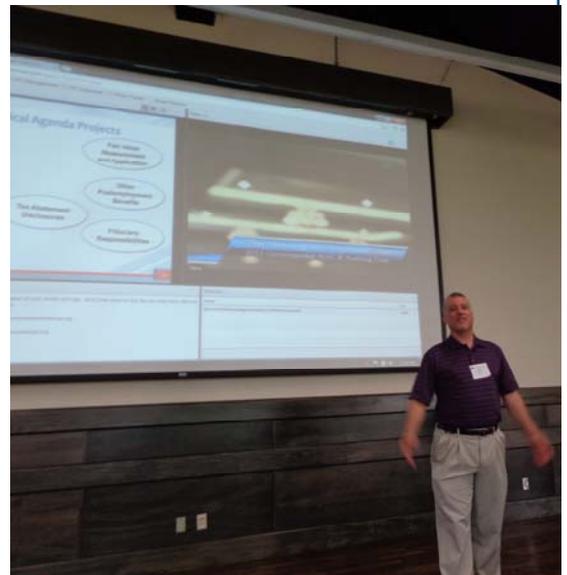
To be even-handed, there were a few drawbacks. People at remote sites had no opportunity to win the Whitehouse M&M's offered as a prize by the Office of Management and Budget representative, Gil Tran. Mr. Tran mentioned that the M&M's have a market value to be found on EBay. The current offering price is \$17.75, no doubt set by the Tacoma attendee who received the prize.

April 28

8:00 am - 12:00 pm GASB Update

The first presenter was the renowned, ever popular, riveting speaker and unofficial president of the Bow Tie Club, David Bean. Mr. Bean began by reminding us of the names and credentials of the various members of the GASB board and hinted that someone from the audience might want to fill a future board opening. Following that came a discussion of the various GASB updates.

Unexpectedly, there are only three Statements with effective dates as of December 31, 2014: Pension related issues (Statement 67), Government Combinations (Statement 69), and Non-exchange Financial Guarantees (Statement 70). Besides going over the implications of 67, 69, and 70, Mr. Dean discussed Statements due to be released in 2015, which deal primarily with accounting for pensions and related issues.



A&A Committee Member, Everett remote location host, and IT guru Barry Van Wieringen indicating the size of the television screen.

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2014 Governmental Accounting & Auditing Conference From Page 5

Mr. Bean clearly could have gone into greater detail, but restrained himself to his usual 4-hour presentation. As a person who is not responsible for preparing financial statements that adhere to the pronouncements, I appreciated Mr. Bean's brevity.

12:50 pm - 2:15 pm Overview of Washington Health Benefit Exchange

After a tasty lunch, including a vegetarian option (which Barry the moderator requested meat eaters not totally devour), Robert Nakahara, Chief Financial Officer of the Washington Health Benefit Exchange, spoke.

Mr. Nakahara discussed the complicated system in place to meet the Affordable Care Act requirements and provide Washington State residents with the benefits of the program. He discussed the public relations campaign and the website used to inform and recruit people to join the health insurance exchange. Mr. Nakahara explained that Washington State's system was successful in reaching its target audience, and he reported a larger-than-expected response. Costs of the system and how the system is funded now and in the future were also discussed, along with improvements planned, which include establishing an internal audit function.

2:30 pm - 4:00 pm Fraud Lessons Learned

The final speaker on the first day was Nancy Young of Moss Adams LLP, discussing fraud examples, the impact fraud has on individual organizations, methods of detection, and prevention, including properly vetting new hires. She also followed up on a case originally discussed at last year's conference.

April 29**8:00 am - 9:00 am OMB Update on Grant Reform Omni Circular**

After breakfasting on fruit, pastries and other delectables, we began the second day with a presentation by Gil Tran, CPA, of the Executive Office of the President, Office of Management and Budget. In just one hour, Mr. Tran explained OMB's reforms to its guidance on grants management and the resulting combined regulations. The process



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involved input from COFAR (Council On Financial Assistance Reform), which is made up of senior policy officials of Federal grantor departments, OMB, and other stakeholders including the Association of Government Accountants and the American Institute of Certified Public Accountants. The new regulations, known as 2 CFR 200, replace OMB Circulars regarding awards received (A-102, A-87, A-133 and A-50), subawards to universities (A-110 and A-21), and subawards to nonprofits (A-110 and A-122). The overarching objective of the reform is to increase accountability while reducing duplicative and conflicting guidance and incorporate modern technologies and philosophies, including IT utilization, transparency, and target audits.

9:00 am - 10:00 am Buzz Word Convergence

The next hour was filled by Brian Willett, Performance Analyst, Washington State Auditor's Office. Mr. Willett explained how good intentions sometimes devolve into snappy phrases that have no impact on productivity or management efficiency. Mr. Willett went on to discuss the buy-in necessary by all participants in order to realize true change for the better. In closing, Mr. Willett pointed out that he and other State Auditor's Office employees are available to make presentations to organizations to assist in improving organizational efficiencies, at no cost to the requesting organization.

10:15 am - 11:30 am Performance Audit Overview

Chuck Pfeil, Director of Performance Audit, and Lou Adams, Deputy Director, spoke for about an hour about the State Auditor's Office performance audit program, including resources available and results achieved, among them almost \$1 billion in actual cost savings or new revenue realized as the result of audits. Mr. Pfeil was quick to note that some reviews by his office resulted in recommendations for increased spending, as in cases where the program under review was not able to accomplish its legislated tasks due to underfunding.

Mr. Pfeil and Ms. Adams also discussed current audit activities. Recently-completed audits include Long-Term Care Worker Certifications, State Ferry Vessel Construction Costs, Preventing and Detecting Medicaid Fraud, and Criminal Records Accuracy. In conclusion, Mr. Pfeil and Ms. Adams noted that local governments can draw on the expertise of the State Auditor's Office through the Local Government Performance Center.

12:00 pm - 12:30 pm Transition in Leadership and Innovation

After a brief break to fill our plates, we were honored to have as a luncheon speaker Troy Kelley, Washington State's elected State Auditor. Mr. Kelley discussed the State Auditor's role and responsibilities in assuring the accountability of State spending. He also paid tribute to Former State Auditor Bob Graham, who recently passed away.

12:30 pm - 1:45 pm Promoting Accountability, Without Getting M.A.D. (Multiple Accountability Disorder)

The next speaker was our very own Seattle AGA President-Elect Ken Smith, PhD, CPA, of the University of Washington's Evans School of Public Affairs. Dr. Smith discussed the role of public officials and oversight groups in the never-ending tug-of-war between transparency and making sure blame for failures fall elsewhere. He pointed out that sometimes organizational staff members do a wonderful job of following procedures that do not result in the desired outcome, but insulate the staff from the results of unwanted outcomes. As an alternative, Dr. Smith discussed three tools to make the process of achieving the desired result more likely: 1. Agree on expectations upfront; 2. Persistent before and after grieving process; and 3. Constant dialog.

1:45 pm - 2:45 pm Why You May be Interested in the Green Book

Next on the agenda was James Dalkin, CPA, Director in the Financial Management and Assurance Team with the Government Accountability Office. Mr. Dalkin spoke on the new Green Book, which is GAO's Standards for Internal Control in the Federal Government. The GAO established a definition of internal controls as

The plans, methods, policies, and procedures an organization employs to ensure effective resource use in fulfilling its mission, goals, objectives, and strategic plan.

The Green Book is based on the principles of COSO (Committee of Sponsoring Organizations of the Treadway Commission) and INTOSAI (International Organization of Supreme Audit Institutions). As such, Federal agencies are to establish and maintain a Control Environment, perform Risk Assessments, Design and implement Control Activities, establish Internal and External Information and Communication Channels, and perform Monitoring.

The comment period on the latest Green Book ended February 18, 2014. The book should be published after all the comments are reviewed.

3:00 pm - 4:00 pm "New COSO (Internal Control) Standards

Speaking of COSO, the final speaker of the afternoon (never an easy slot) was Mr. Gary Hotchkiss, CPA. Mr. Hotchkiss spoke on the change in COSO standards from rule-based to principle-based. Mr. Hotchkiss kept his audience's attention with a lively style that transmitted the benefits and challenges found in the new emphasis of the internal control formula.

President's Message Continued from Page 1

possible purpose for the bulb, in my opinion, is to serve like a hand exercise ball, only for the thumb, to help develop endurance for those of us who use thumbs for writing text messages.

I have since been informed, however, that the tip is used by smart phone owners to select icons or write messages without getting their screens covered with fingerprints or marked up by using the working end of a pen. In short, this was one more bit of technological knowledge I picked up at the conference.

In all likelihood, this will be the last SOUNDER for our chapter year, which wraps up in June. Next year will begin with our new chapter president Ken Smith and new additions to our board. We are very lucky that Elizabeth Naftchi, US Department of Health and Human Services; Diane MaKaeli, King County; and John Kurpierz, University of Washington, agreed to join with existing board members Pat Bohan, Mary Ann Hardy, Karyn Angulo, Samuel Lord, Gabrielle Sivage, and me to continue to provide services to our AGA membership.

Yours sincerely, Tim Dobler

PHOTOS WANTED

We like to decorate the first page of THE SOUNDER with a local photo each month. If you have a picture to contribute, please send it to Tim Dobler, DOBLER5@MSN.COM, and we will acknowledge you in the credits on the back page.

Seattle AGA Chapter Financial Statements as of April 30, 2014

	7/1/13 to 6/30/2014 Budget	7/1/13 to 6/30/2014 Actual
INFLOWS		
Joint Conferences	\$3,800.00	
Chapter dues	\$250.00	\$266.30
Interest income	\$20.00	\$19.88
Other Income-Board dinner reimbursed for significant others	\$120.00	\$167.48
National Scholarships-Early Careers	\$135.00	\$152.00
Luncheon Receipts	\$2,000.00	\$1,260.00
TOTAL INFLOWS	\$6,325.00	\$1,865.66
OUTFLOWS		
Board Dinner Costs	\$472.00	\$639.57
Speaker Gifts	\$125.00	\$36.60
Emerald Award	\$65.00	
Membership for Webmaster	\$95.00	
Monthly lunch costs	\$3,200.00	\$2,425.11
Other Expenses (Non-profit report to Sec. WA State)	\$10.00	\$10.00
Other Educational Events & Scholarships-Early Career	\$150.00	
Symposium Raffle Gift	\$65.00	
Web Conference Trainings		\$289.00
Website annual fee		\$264.59
TOTAL OUTFLOWS	\$4,182.00	\$3,664.87
TOTAL CHANGE	\$2,143.00	(\$1,799.21)

April 30, 2014 Balances

ASSETS - CASH

Checking - .10% interest	\$5,390.47
Savings - .10% interest	\$2,633.04
12 month CD - .35% interest	<u>\$4,611.26</u>
Total Assets	<u>\$12,634.77</u>

LIABILITIES

TOTAL LIABILITIES	<u>\$0.00</u>
MEMBERS' EQUITY	<u>\$12,634.77</u>
Liabilities + Members' Equity	<u>\$12,634.77</u>



The Sounder

WE'RE ON THE WEB:

WWW.AGASEATTLE.ORG

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

The purpose of the Association and the Chapter is to be an international, professional organization dedicated to the advancement of government financial management. The Association shall serve its members by providing or sponsoring appropriate educational programs, encouraging professional development, influencing governmental financial management policies and practices, and serving as an advocate for the profession. The Association shall serve government officials and the public by sponsoring efforts to ensure full and fair accountability for all public monies, and by providing a variety of pro bono services throughout the United States and its territories that support that end.

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This newsletter was produced by board member Tim Dobler with the assistance of Karyn Angulo. Thanks to board members who contributed articles and photos for this issue and to our webmaster, Gabrielle Sivage, for maintaining our chapter website. Photo Downtown Seattle, Washington and the Bainbridge Island Ferry released into the public domain by its author, Jamies at the wikipedia project.