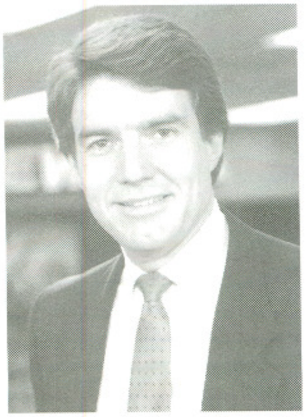
ASSOCIATION of GOVERNMENT ACCOUNTANTS

WASHINGTON CHAPTER
NEWSLETTER

December 1990

About Our Speaker This Month



Peter Ford co-anchors "Live at Five" every weekday on WRC-TV4, the NBC owned station in Washington, D.C., and he regularly moderates the weekend news program "Newsforum".

Mr. Ford has covered television news assignments throughout the United States and from the USSR to the Vatican. He has reported extensively on the manned space program and on medical applications of new computer and robotics technology.

Before joining WRC-TV in August 1988, he anchored the 6 and 11 p.m. newscasts each weeknight for four years at WSVN, the former NBC affiliate in Miami.

Mr. Ford was born in 1950, and grew up in Australia. He lived in the United States in 1968 as a high school exchange student, and took his first journalism assignment writing articles on America for an Australian newspaper. After returning to Australia, he spent a year studying Medicine at the University of Queensland before being drafted into the Army where he was commissioned as an infantry platoon commander. He continued writing articles and stories for Australian publications. Following military service, he studied Economics and Law for three years before joining a newspaper as a reporter and layout editor. After writing and producing documentaries for radio and television, he joined the Seven National Network in Sydney as a reporter and news anchor and continued writing for national newspapers and magazines, including "Readers Digest".

He joined CNN in Atlanta in 1981 as a news anchor. While at CNN, he studied computer programming and began designing robotics programs for quadraplegics. He was invited to join researchers from the Georgia Institute of Technology in a project with the Veterans Administration Medical Center to develop communications systems for the disabled. He is now working with Dr. Bernard Brucker of the University of Miami's School of Medicine, developing a portable communicator for quadraplegics using electrical signals from the patient's forehead.

Mr. Ford is presently studying Russian, and writing a novel. He and his wife Mary live in Virginia.

December 6, 1990

WASHINGTON CHAPTER
LUNCHEON MEETING
TO FEATURE

Peter Ford

Co-anchor, News 4's "Live at Five"

TOUCHDOWN CLUB
2000 L Street, N.W.
(Near Farragut West Metro Stop)

Social Period:	11:30 a.m. (Cash Bar)
Luncheon:	12:00 noon
Menu:	Six ounce filet mignon
Cost:	$17.00 (Members)
	$19.00 (Non-members)

Reservations Recommended
Call (703) 758-4080 Thru December 4
NON-MEMBERS WELCOME!
(Uncancelled "No-Shows" will be billed)

Next Meeting: January 9

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PRESIDENT'S MESSAGE

Joyce Shelton

December is a month for gift giving and sharing with others. It is also a month for looking back at what we have accomplished and for planning ahead for the new year. The Washington Chapter has a wealth of members who are willing to give their time and efforts to valuable public service on behalf of the Chapter.

The fall offering of the Small Business Training Course has been completed under the leadership of Director Lionel Henderson and Committee Chair German Guajardo. This course was attended by area entrepreneurs or would be entrepreneurs. Individual sessions are taught by volunteers. Participating in the fall program were Joyce Charles, Joe Dillon, Susan Chairs, William Soza, Edward Alton, Mike Gallie, Fred Winne, Jane Hill, Linda Bolliger, John Flanigan, and Randy Bernortz. Volunteer instructors are needed for the spring course. If your would be willing to devote an evening or two to this effort contact German Guajardo at (202) 475-9507.

Another equally commendable public service is the Volunteer Income Tax Assistance (VITA) program conducted under the leadership of Director Joyce Charles, Committee Chair Velma Speight, and Geraldine Jasper. Volunteers who assisted individuals in the preparation of tax returns last year were Lai Huinh, Gerri Jasper, Chris Poindexter, David Baker, Evelyn Brown, Edward Everitt, Corman Franklin, Dick Haller, and Virginia Robinson. If you are willing to participate in this valuable and rewarding public service call Velma Speight on (202) 501-8825.

A special thanks also to Chris Kent who has updated and expanded our agency liaison list for the Publicity and Agency Liaison Committee. If you are willing to be an agency liaison call Joe Willever on (202) 606-1200 or Chris Kent on 202-366-5622.

We have an exciting December luncheon planned with Channel 4 Newscaster Peter Ford as our speaker and a special mystery guest. Don't miss this luncheon!

On December 10, we will have an all day educational event at the Touchdown Club on Debt and Credit Management with The Treasury Department, Financial Management Service as our cosponsor. My thanks to Russ Morris of the Education Committee for planning this interesting and timely training event. Vicky McDowell, Director, Credit Administration Division, FMS, and Tom Stack, Chief, Cash and Credit Management Branch, OMB will be the Conference Leaders.

Have a happy and safe holiday!

AGA WASHINGTON CHAPTER

Chapter Executive Council for 1990/1991

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VITA
Velma Speight, Labor, (202) 501-8825
Membership Services
Sue Fields, NIH, (301) 496-3417

SCHEDULE OF MEETINGS

Date	Menu
December 6	Six ounce filet mignon
January 9	Breast of chicken over ham
February 7	Salmon steak
March 7	London Broil
April 4	Broiled chicken
May 2	Pot roast of beef

COMMITTEE REPORTS

Minutes of Chapter Executive Committee Monthly Meeting

Minutes for October 18, 1990

By Steve Swanson, Chapter Secretary

Secretary's Report
Evelyn Brown made a motion to approve the minutes from the September CEC meeting. The motion was seconded by Peter Ben-Ezra and the motion was passed by the CEC.

Treasurer's Report
Evelyn Brown presented the Revenue and Expense Statement for the period of July 1, 1990 through September 30, 1990 in Joan Bozzonetti's absence. The board decided to table the Treasurer's Report until Joan was available to answer questions.

Committee Reports on Activities
Education Report: Peter Ben-Ezra handed out draft agendas for the November 14 and December 10 education events. Peter suggested that a meeting be arranged with the Beta Alpha Psi volunteers to coordinate the registration/collection process for the November 14 event. Steve Swanson announced that the Chapter will have the authority to accept Master Card and Visa in time for the November event.

Chapter Awards Report: Nancy Fleetwood discussed the submission of Chapter nominations for awards that will be presented during the Leadership Conference (Jan 10-11, 1991). Nancy was concerned that the November 1 deadline would prevent the Chapter from submitting nominees. Joyce Shelton mentioned that the Federal and State Equity Task Force had many members who would be good nominees. Nancy encouraged the Board to "spread the word" to other members in order to obtain nominees. Nancy is accepting names of potential nominees over the phone.

VITA Report: Geraldine Jasper presented this report. The committee is still looking for more Chapter volunteers. In order to promote the Chapter, our volunteers will wear identifying badges. Geraldine asked the Board to approve funding in the amount of $150 to support this effort. Orientation for VITA volunteers will take place in mid January 1991 at either the Department of Labor or the Department of Education.

Next CEC Meeting: The next meeting for the CEC is scheduled for November 16, 1990.

Debt Collection and Credit Management Seminar

The second Washington Chapter education event of the year is scheduled for **December 10** at the Touchdown Club. This seminar will provide a current perspective on initiatives from OMB and Treasury. Seminar details are as follows:

Debt Collection and Credit Management

Program:
- The $1.6 Trillion Risk
- New OMB Policy on Guaranteed Loans
- New Legislation — Agency Impacts
  - Credit Reform
  - Federal Debt Collection Procedures
  - CFO Legislation
- Early Warning Systems
  - Audited Financial Statements
  - Systems for Credit Management/Debt Collection
  - Early Warning Indicators

Schedule:
9:00 a.m. - 4:00 p.m.

Cosponsor:
Financial Management Service, Department of Treasury

Conference Leaders:
Tom Stack
Chief, Cash and Credit Management Branch
Office of Management and Budget
Vicky McDowell
Director, Credit Administration Division
Financial Management Service

Cost: $120 for members; $130 for non-members (includes lunch). $5 discount is offered for payment in advance or at registration. We accept Visa or MasterCard.

CPE Credit: Will be available.

Reservations may be made by calling the Washington Chapter reservation number at (703) 758-4080 (Box #2).

January Educational Event

An ally day seminar on "The Defense Budget" is scheduled for **January 9** at the Touchdown Club. The seminar, cosponsored with the American Society for Military Comptrollers, will address the following issues: financial aspects of "Desert Shield"; consolidation of DOD accounting and finance centers; controlling DOD outlays in the current deficit environment; managing unit costs; and standardizing financial management systems. Look for more details in our January newsletter.

Washington Chapter Officers and Directors for 1990-91

Joyce Shelton
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Sam Mok
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Department of the Treasury
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Steve Swanson
Secretary
Department of Transportation
(202) 366-5643

Joan Bozzonetti
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Nancy Fleetwood
Chapter Awards
Financial Management Service
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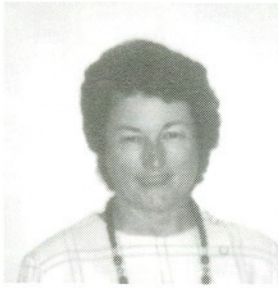
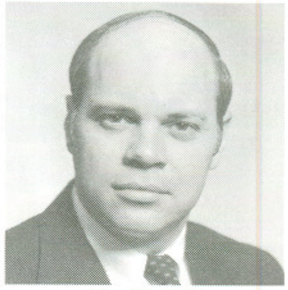


Mary Lee Mason
Chapter Bylaws & Procedures
Financial Management Service
(202) 208-1393



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Alvin Tucker
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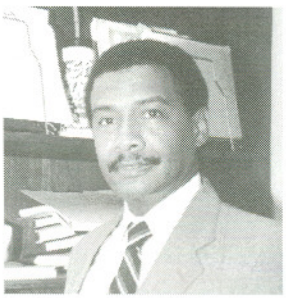

Lionel Henderson
Small Business Education
Computer Sciences Corporation
(301) 982-2133

TECHNICAL TOPICS

Closing Insolvent Savings and Loans

By John Cherbini and Wendy L. Harrington of Coopers & Lybrand

The savings and loan crisis and the skyrocketing cost of the government bailout have captured the headlines in 1990. The Resolution Trust Corporation (RTC) and its supervising agency, the Office of Thrift Supervision (OTS) are feverishly working to nurse the S&L industry back to health. Insolvent thrifts are losing millions of dollars every day - pushing the total cost of the S&L disaster higher and higher. So, why doesn't the government shut them down faster - what does it take to close an insolvent thrift?

Despite the unique nuances of a closing, each closing can be broken down into four phases: pre-closing, closing, post-closing and closing-related activities. The pre-closing phase begins when the RTC selects an institution to close. After researching the institution, the RTC distributes "bid packages" to qualified institutions interested in purchasing the insolvent thrift.

Negotiations with these bidders can result in a variety of outcomes that can become rather complex - particularly when multiple buyers and/or transaction types are involved. For simplicity, let's consider three basic types of transactions:

- Purchase and Assumption - The institution is sold to one or more buyers with all deposits transferring. No verification of whether an account holder has deposits in excess of $100,000 is performed. Assets are also part of the transaction. During the negotiated option period, the acquirer(s) may "put back", or return, a specified percentage of the assets it initially accepted. The RTC must then reprice the assets to market and dispose of them.
- Deposit Transfer - This is similar to a Purchase and Assumption; however, insurance determinations are made to ensure that depositors will receive only their funds insured under the federal insurance regulations.
- Payout - No acceptable bid was received but the RTC needs to close the institution. As a result, it completely shuts the institution down and immediately pays all depositors their insured funds.

Regardless of the type of transaction, effective planning, staffing, and communication are critical to the transaction's success. At times, the staffing requirements may specify hundreds of personnel with a particular mix of qualifications, skills, and experience. The RTC and its contractors' staff are usually assigned to a particular functional team, such as: Takeover; Accounting/Pro Forma; Electronic Data Processing/Service Bureau; Insurance Determination; Claims Processing; and Settlement.

During a closing, each team works toward meeting its specific responsibilities. The takeover team closes the institution's doors and inventories all of the assets. This involves counting cash, inventorying negotiable instruments (traveler's checks, savings bonds, etc.), reviewing loan files, and, at times, inventorying all furniture, fixtures, and equipment. The RTC management must also handle the sensitive issue of the institution's personnel future employment - particularly in the case of a payout when most of the jobs cease to exist.

The accounting team reviews the institution's financial records. Team members identify outstanding checks, review operating accounts, reconcile the general ledger, prepare pro forma financial statements, develop transfer calculations, and verify that the account interest calculated by the institution is correct.

The EDP, or service bureau team acts as a liaison between the RTC and the institution's data processing center, or service bureau. The team schedules and tracks report generation and distribution and ensures that all processing related to the institution is done correctly. The EDP team prepares contingency plans; suggests processing and printing alternatives; makes arrangements for the continuing operation of Automated Teller Machines and on-line system queries; selects a random sample of each account type for interest testing; assists new buyers in arranging data conversion and processing activities; and obtains tape extracts from the service bureau's computer system to assist the insurance determination team.

The insurance determination team's major responsibility is to identify potentially uninsured deposits. The PC-based software used is extremely powerful. Using artificial intelligence, it converts all names and addresses from the institution's system to standard formats and subsequently searches for matches on names (reviewing up to 3 names per account), addresses, or tax ID numbers. It can assess every possible match for 200,000 accounts in less than 15 hours. Manually matching these accounts could require over 100 times the man hours and result in less accuracy and consistency.

Manual intervention is required to review the system generated report listing account holders with more than $100,000 deposited in the institution. Team members apply the insurance regulations to identify groups of accounts that are insured based on the types of accounts and their corresponding balances. For example, an IRA is insured separately from a single ownership account; however, each account type is only insured up to $100,000. If the transaction is a payout, the insurance determination team is also responsible for printing the depositors' checks. The team also reviews claims involving brokered accounts representing individual investors' money.

The post-closing phase begins when the institution reopens - either to pay depositors or as a new entity. A great deal of time is devoted to answering depositors' questions and ensuring the operation runs smoothly. In a payout, claims processing team members begin distributing the checks to depositors on Monday morning. Fully insured depositors can elect to receive their checks by mail or in person at a designated distribution location. However, depositors with potentially uninsured funds will not receive their check(s) until they provide the documentation needed to determine the amount of insured funds.

This post-closing phase can become very time and resource intensive. Activities in this phase, including disposing of the

(Continued on page 6)

of Labor

Michael G. Sullivan, Deputy Assistant Inspector General, Department of Veterans Affairs

William Kendig, Director of Financial Management, Department of the Interior

Jimmie Brown, Chief, Financial Systems and Policy, OMB

Dennis Fischer, Deputy Assistant Secretary for Finance, HHS

Sean O'Keefe, Comptroller, Department of Defense

Sheila Sheinberg, President, The Center for Life Cycle Science

Patrick McNamee, Assistant Director, Accounting and Financial Management Division, GAO

Virginia B. Robinson, Executive Director, JFMIP

Make checks payable to the **Association of Government Accountants**

☐ Invoice per attached authorization

Mail completed form to:

Association of Government Accountants
601 Wythe Street * Suite 204
Alexandria, Virginia 22314

Registration refunds, less a $25 administrative fee, will be issued on written requests received three (3) weeks prior to the event. Telephone cancellations are not accepted. No refunds will be issued on cancellation requests received within three (3) weeks of the event. "No shows" will be invoiced for the full amount. Substitutes will be accepted on site, but must have a signed letter from the attendee, agency or company naming the designated substitute.

THIS AND THAT

Other Chapter Meetings

Montgomery/Prince George's Chapter

Date and Time:	December 7, 1990 Holiday Social at 6:00 p.m.
Location:	Holiday Inn, College Park
Reservations:	Gary Fishbein (202) 366-6074

Northern Virginia Chapter

Date and Time:	December 18, 1990 5:30 p.m. (social) 6:30 p.m. (dinner)
Location:	Sheraton National Hotel, Columbia Pike & Washington Blvd., Arlington
Speaker:	Jack Chesson, Counsel on House Subcommittee on Oversight and Investigations
Cost:	$18
Reservations:	Andrea Walker (202) 619-3066

Note: This meeting follows a workshop on "Designing Audit Steps to Detect Illegal Acts." Registration is $95 (includes Dinner). The program provides 4 hours of CPE.

About Chapter Members

Congratulations to **Bernice Brosious** on earning her Bachelor's Degree in Accounting from George Mason University in May. Bernice is a Systems Accountant in the Payroll and Administrative Systems Division of the Federal Aviation Administration's Office of Accounting. Her responsibilities include overseeing the functioning of the Department of Transportation's Consolidated Uniform Payroll System.

Best wishes to **Bill Broadus** upon his retirement from the General Accounting Office in February. Bill was an Assistant Director in GAO's Accounting and Financial Management Division responsible for audit policy, including audit standards. He has opened his own public accounting firm, W.A. Broadus, Jr. CPA, PC, which is specializing in governmental and non profit services.

Hank Steininger and **Tom Edgar** have recently joined ICF Information Technology Inc. Hank, as President of the Information Systems Group, manages ICF's information engineering and general management consulting practices. Tom is a Vice President in the financial management practice. Both Hank and Tom are former Arthur Young and Company management consultants.

If you have news about Chapter Members call Chuck Zlamal at (703) 758-4080.

VITA Update

The response date for expressing interest in serving in the Volunteer Income Tax Assistance (VITA) program has been extended to **January 2, 1991.** Persons interested in volunteering should call Velma Speight at (202) 501-8825, Geraldine Jasper at (202) 732-5615 or Joyce Charles at (202) 523-5906.

ASSOCIATION of GOVERNMENT ACCOUNTANTS
WASHINGTON CHAPTER NEWSLETTER

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December 1990

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