

AGA

ASSOCIATION OF
GOVERNMENT
ACCOUNTANTS

NEWSLETTER

WASHINGTON CHAPTER

OCTOBER 1987

THURSDAY October 1, 1987 LUNCHEON MEETING TO FEATURE



GORDON W. HARVEY
Assistant Inspector General
for Audits, Department of Energy

Topic

*What to Expect From A
Special Counsel Investigation*

at the

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

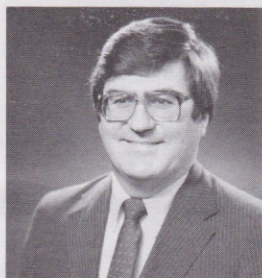
Social Period	11:30 (Cash Bar)
Luncheon	12:00
Cost	\$15.00 (Members)
	\$17.00 (Non-members)

Reservations Required
Call 649-4399 NLT Sept. 29

NON MEMBERS WELCOME

Meeting Schedule: Nov. 5 • Dec. 3 • Jan. 7 • Feb. 4 • Mar. 3 • Apr. 7 • May 5

PRESIDENT'S MESSAGE



Terry Conway

A passing of a baton is occurring within the national organization of the Association of Government Accountants. Our National Executive Director, Fletcher Lutz, is retiring. Fletcher has served in that position longer than any of his predecessors, and he has indeed transferred a bit of himself to each of the chapters of the Association. He has been a steady hand throughout the many transitions he has witnessed. The recent restructuring of the National Board of Directors is just one example of the many changes that occurred under his guidance. Fletcher, we wish you the best in your future activities, and I know that we will be able to count on you for continued AGA support.

Fletcher's replacement has been named by our current National President, Don Kirkendall. She is Ms. Mary Jane Kolar, CAE. Mary Jane comes to AGA from the Altrusa International Foundation, where she was Executive Director and Secretary/-Treasurer. She has also been associated with the WICI Foundation, the National Moving & Storage Association, the American College of Cardiology, the Educational Trust Fund, the American Dietetic Association, and the Plumbing, Heating and Cooling Industry Council. The CAE following her name signifies that she is a Certified Association Executive. She holds Bachelors and Masters of Arts degrees from Southern Illinois University and has been the recipient of many professional honors in the course of her career. We wish her well as she embarks on this new challenge, and extend the invitation to join us for one of our monthly meetings in the near future.

The District of Columbia Institute of CPAs, along with the National Capital Region of the AGA and the Washington Chapter of the American Society of Military Comptrollers is sponsoring a one day seminar on October 7. The subject of the seminar deals with emerging issues in government accounting and auditing and should be of interest to many of our members. The DCICPA

has put together an interesting program. Mark your calendars now for what looks to be a highlight session of the season.

FEDERAL TAX HANDBOOK 1987

The AGA National Office has announced that it has again this year made arrangements for our members to secure copies of an authoritative income tax handbook at a price substantially below list.

Over 3,000 AGA members have taken advantage of this opportunity in each of the past four years, and we are confident that even more will want the current handbook.

This year, the Office has again chosen Prentice Hall's "Federal Tax Handbook 1988" as the best available publication. Containing over seven hundred pages, the handbook features changes made in the tax laws right up to the date of publication. Check lists—invaluable at tax return time—show income items, deductions, etc., which go into the makeup of most Federal tax returns. Emphasis is on preparation of 1987 returns.

The Handbook will list for \$19.00. By purchasing bulk and delivering to one address at each chapter, the National Office will be able to secure copies at \$10.50 (\$13.00 non-members).

So that the National Office can give the publisher a firm number for their press run, we must know by November 16, the number of copies to order for our chapter. These will be firm prepaid orders. The National Office will bill each chapter for the total number of Handbooks delivered to the chapter, with delivery scheduled for December.

To order your copy of the Handbook, complete and forward the form below. The guide will be mailed to you from the Chapter.

AGA, P.O. Box 423, Washington, D.C. 20044

I wish to order a copy of the Prentice Hall "Federal Tax Handbook 1988."

My Check in the amount of \$10.50 (\$13.00 non-members) is enclosed.

NAME _____

ADDRESS _____

Orders must be received by November 16.
Checks should be made payable to AGA.

ASSOCIATION OF GOVERNMENT ACCOUNTANTS WASHINGTON CHAPTER EXECUTIVE BOARD 1987-1988

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ABOUT OUR SPEAKER THIS MONTH

GORDON W. HARVEY

Mr. Harvey could have traded his honor, reputation, and integrity for job security but he didn't. His saga began in 1983 when the Office of Special Counsel (Special Counsel) to the Merit Systems Protection Board (Board) threatened him with dismissal from the Federal service after he refused to plead guilty to several serious allegations he knew to be untrue. The allegations involved the reassignment of a subordinate employee. For a guilty plea, the Special Counsel would have settled for a "slap on the wrist" reprimand.

The Special Counsel had reopened a closed personnel complaint, a complaint that had been dropped by the complainant, and sought to discipline Mr. Harvey. He chose to fight the allegations in Federal court. The court agreed with Mr. Harvey that there was no evidence to support the charges and totally exonerated him of any wrongdoing. The court's decision ended the Special Counsel's four-year effort to discipline Mr. Harvey. Here, in part, is what the three judge panel said in dismissing the charges:

- "These conclusory assertions are an insufficient basis on which to sustain the charge."
- "The Board's findings amount to sheer speculation without foundation in the record."
- "There is no logic in the Board's position."
- "The Special Counsel utterly failed in its burden of proof."
- "We are absolutely certain that there is no evidence in the record to support any inference that Harvey's actions were motivated" by reprisal.
- "For reasons that are unclear, the Special Counsel reopened the file" and filed a disciplinary action against Harvey.

The Court praised Mr. Harvey's actions as honest and legitimate managerial decisions.

As our luncheon speaker, Mr. Harvey will explain that one's honor, reputation, and integrity are too precious and priceless to bargain away. He will tell you that Federal civil servants can win at the Federal Court level if one is innocent. He will also discuss what you can expect from a Special Counsel investigation and how to prevent such prosecutions from happening to others. His presentation is a *must* for all career Federal employees, especially career managers.

Mr. Harvey is the Assistant Inspector General for Audits at the Department of Energy. He is a veteran career manager, having held several senior positions in Government. He has received numerous awards during his Federal career, including the "Meritorious Presidential Rank Award."

Mr. Harvey is a member of our chapter.

Time To Renew Your Membership

Renewal notices were mailed in mid-August. If you do not receive yours please notify Ken Sullivan at National Office as soon as possible (703-684-6931). It is important that you send in your renewal as soon as possible since membership benefits are discontinued after two months on the delinquent list. Our new dues year begins October 1, therefore, anyone not remitting would be purged from our active mailing list and would cease receiving materials from AGA after the distribution of the December newsletter, which occurs the end of November.

ABOUT CHAPTER MEMBERS

Another major retirement to report—in July **David B. Dukes** retired from his position as Executive Director of JFMIP. Dave's appointment to the post in the Fall of 1985 was the culmination of a long and diverse federal career in increasingly responsible positions. At the time of his appointment, he was Deputy Assistant Secretary, Finance, at HHS. Preceding his HHS service he held positions with NASA, AEC, General Electric, and GAO. A major focus of his tenure at JFMIP was promotion of the modernization of federal financial systems. Dave is retiring with his wife to Myrtle Beach, but, we are happy to report, he does not plan to bake in the sun all day; he will devote some time as well to research, consulting, and writing—including possibly a book on federal management. Dave will be missed in the federal community, but—of more immediate practical concern—he will be missed in AGA and the Chapter. He was always willing to take on whatever job needed doing—big or small. Further, once he does, forget it—don't worry about it anymore—it is one of the givens in this world, like death and taxes, that any job Dave takes on will be done, and done in superb fashion. It is with somewhat ambivalent feelings, therefore, that AGAers wish Dave a long and happy retirement and success in his planned endeavors.

Terence J. Conway is leaving his position at DOD to establish a full-time CPA practice out in Reston. Needless to say, Terry is not abandoning us. He will continue to serve as Chapter President and, we hope and trust, will continue his long-time active support and association with AGA and the Chapter throughout his new career.

We were delighted the other day to hear from **Carol Cordori**, who left GAO this Summer to join the faculty of The New School for Social Research's Graduate School of Management and Urban Professions, in New York. Carol, who holds a Ph.D. from Stanford, is a Senior Lecturer and Program Coordinator of the School's management auditing program. A unique feature of the program, Carol reports, is that it draws on the resources of New York's business, financial, government, health, educational, and cultural communities to augment its classroom training. Carol's appointment was arranged under an Intergovernmental Personnel Act agreement with GAO, and is for a period of two years. At GAO, Carol was Director of the International Auditor Fellowship Program. We are especially pleased to report that Carol, while maintaining her AGA WashChap membership, is active in the New York Chapter, where she is an associate director for professional training and education. She invites

AGAers to join in New School and New York Chapter activities anytime they are in the Big Apple. Carol can be reached on (212) 741-7755.

Good choice, Mr. President—congratulations and best wishes for success to Department of Defense Inspector General nominee **June Brown**.

William A. Broadus, Jr. and NOVA Chapter's Joseph D. Comtois, both of GAO, are co-authors of "The Single Audit: A Progress Report," published in the July *Journal of Accountancy*. Bill and Joe's article, in addition to reporting on the status of single audit, summarizes proposed changes to GAO's governmental audit (Yellow Book) standards.

Speaking of Chapter authors—don't overlook "A Vision of Federal Financial Management: Can We Create a Bottom Line?," by **Larry D. Stout** of Treasury's Financial Management Service, and "The Case For a Government-wide Chart of General Ledger Accounts," co-authored by Arthur Andersen's **Michael E. Simon** and Indianapolis Chapter's John W. Cooley. Both articles are in the Summer *Government Accountants Journal*.

Happy ending to a tough grind—Congratulations to new CPA's **Deatrice Russell** and **Albert C. Tibbetts**. Dea is a senior advisor with Treasury Financial Management Service's Federal Agency Financial Systems Program (in addition to being our Chapter Secretary of course). Albert is with the GAO Accounting and Financial Management Division's Fraud Prevention and Audit Oversight Group.

Treasury's Financial Management Service gained a new staffer with **Warren Cottingham's** departure from GAO to join the Service's recently established Federal Agency Financial Systems Program. Good luck in the new job, Warren.

We are delighted to report the extraordinary achievements of Chapter members at the New Orleans PDC. Diane Bray reports that at a gathering of several AGAers at the Beach (a bar at the Sheraton), **Joe Dillon** captured first prize in the limbo contest, and **Doris Chew** took second honors in the hula hoop contest. An enthusiastic cheering section included Diane, Larry Achter, Bruce Feldman, Chuck and Linda McAndrew, Dan McGrath, John Schultheis, and Evelyn Brown. You will agree with us, we are sure, on how very gratifying and inspiring it is to know that we have such high quality talent in Washington Chapter.

Don't forget to call us with your news About Chapter Members—Please! (Lee Beaty: 275-9532)

A-127 WORKSHOP—A JOINT AGA/TREASURY PROJECT

By Mary Lee Mason

On July 8, 1987, Gerald R. Riso (OMB), the new Chief Financial officer, presided over a meeting of Assistant Secretaries and Administrators for Management and Administration to kick off the Administration's massive effort to improve the Federal Financial Management systems. As stated in A-127 and reinforced in the President's FY 1988 Management Report, the priorities of the Administration are to implement the Standard General Ledger governmentwide and to see that every agency has a single primary accounting system.

In a responsive joint effort, the Washington Chapter of AGA and the Financial Management Service (FMS) of the Treasury, followed Riso's meeting with a workshop on implementation of A-127 on July 29, 1987, at the Sheraton Washington Hotel. This very timely and informative workshop brought together agencies, vendors, and experts in Federal Financial Management to discuss such vital topics as off-the-shelf software availability, cross servicing possibilities, OMB/FMS reporting requirements in light of the Presidential priorities, and implementing the Standard General Ledger. Panel discussions and audience participation provided much useful information on the hottest topics.

FMS, as most of you know, has been selected to be the lead agency in the implementation of A-127, with OMB providing policy and guidance. The three central agencies, OMB, Treasury, and GAO are working together to bring about full compliance by the end of 1988.

FMS, has established the Federal Agency Financial Systems Program to serve as the organization of responsibility for this task. Located within Financial Policy Division, the program is directed by Susan Lee. She has a staff of Senior Financial Management Advisors to work with the 23 agencies mentioned specifically in the Management Report. These advisors are: Mary Lee Mason, Paul Bognaski, Jean Lewis, Deatrice Russell, Bob Clark, and Warren Cottingham. These advisors review the agencies' 5 year plans for financial management improvements and the operating plan which covers the current year's effort. Site visits to review systems, making recommendations to agencies for systems improvements when needed, interpreting the Administration's goals for each agency, maintaining an inventory of off-the-shelf software vendors and their packages, keeping track of which agencies give cross servicing and which ones need the service and acting in a liaison capacity between their assigned agencies

and OMB are a few of the ways that the staff carries out the program's mission. Arranging demonstrations of software, setting up users groups and organizing and participating in workshops, seminars and other communications media are methods of information sharing used to assist agencies as they seek solutions to implementation problems.

As the workshop began, Dan McGrath, workshop moderator and the Director of FMS' Financial Policy Division, introduced the keynote speaker, Gerald Murphy, Fiscal Assistant Secretary, Treasury. Murphy's remarks set the tone of the day when he said, "Today we're at a critical turning point in the evolution of Federal Financial Management. We are either going to make a great leap forward, or fall flat on our face . . . again! The optimism is back tempered with realism based on past experience. The central agencies are working together." He explained the role of Treasury as implementer and member of the central agencies team. "The President has made this effort a top priority," he concluded, "OMB and Treasury will provide guidance, try to resolve impediments and monitor progress. However, unless there is a full commitment from the Federal Financial Community, it just won't happen. But it won't go away, either. The next President and the next Congress will be faced with the same problems and they are far too big to ignore."

Larry Stout, Director of the Accounting Group provided an overview of the mission of the Federal Agency Financial Systems Program and its functions within the FMS. Members of the A-127 staff then gave insights into the kinds of data agencies will need to provide in their FY 1989 Operating Plans and the accompanying Five Year Plans. The, now famous, Quarterly Report Card was explained in detail. Results of the first reviews were shared with the audience and opportunity for questions were provided.

Before breaking out into the concurrent specific topic workshops, participants listened intently to the two luncheon speakers, CFO Riso and David Andrus, Director of Financial Systems Planning and Requirements for IBM. Mr. Andrus led the audience through the sequence of events IBM went through as it consolidated and modernized its vast financial systems, much as the government is doing now. Many of these events paralleled what we are finding as we proceed. At the conclusion of his very interesting talk, he agreed with the logic that Mr. Riso had presented in his remarks, "It won't be easy, but it has to be done!"

Mary Lee Mason is a Senior Financial Management Advisor with FMS' Federal Agency Financial Systems Program, and a member of AGA Washington Chapter.

COMPTROLLER GENERAL BOWSER ISSUES STANDARDS FOR FEDERAL ACCOUNTING SYSTEM DEVELOPMENT AND OPERATION

New accounting system standards, effective August 31, 1987, have been issued by the Comptroller General. The standards, along with related guidance to assist in their implementation, are contained in appendix III to title 2 of the *GAO Policy and Procedures Manual for Guidance of Federal Agencies*.

The standards will promote the use of systems that provide the information needed for effective and economical management of the government's resources and operations and to assess management's stewardship. Agency heads must observe these standards in establishing, maintaining, and reporting on their systems of accounting and internal controls as required by law (31 U.S.C. 3512). If a system does not comply with the standards, the department or agency is expected to plan for and ensure compliance within a reasonable time, as well as make appropriate disclosure in required reports on the status of the accounting system.

The new appendix provides standards and guidance on system structure and operations, financial reporting, system development or modification processes, and documentation of the system development process and of the accounting system itself.

The new standards are relatively broad so as to survive the passage of time and changes in technology. Along with the related guidance, they are intended to be complementary to the existing accounting and internal control guidance in appendixes I and II of title 2, as well as be compatible with the financial requirements currently placed on departments and agencies by the Office of Management and Budget and the Department of the Treasury.

All parts of title 2 are available through treasury's Accounting Regulations Data Base System. For further information contact Virginia Robinson on 275-9513.



Camera captures AGAers at July A-127 Conference—(l. to r.) Larry Stout, Dan McGrath, Deatrice Russell, Jimmie Brown, and Jean Lewis.



—And, (l. to r.) Mary Lee Mason, Sam Mok, Paul Wohlleben, Larry Eisenhart, Howard Renman, and John Cherbini.

PDC CASSETTE TAPES AVAILABLE

The AGA National Office has announced that cassette tapes of selected sessions of the New Orleans Professional Development Conference are available for purchase by members. Because the list is quite long, it is not feasible to publish it in the newsletter. However, anyone interested should call (Lee Beaty; 275-9532) and we will promptly forward to you a copy of the list and order form.

Application for Membership

Association of Government Accountants

Section I

NAME OF APPLICANT: Mr. _____ Ms. _____
Mrs. _____ Miss. _____

MAIL ADDRESS: _____
STREET NUMBER _____ STREET NAME _____
CITY _____ STATE _____ ZIP _____

OFFICE TELEPHONE _____ HOME TELEPHONE _____
AREA CODE _____ NUMBER _____ EXTENSION _____

Section II

TYPE OF MEMBERSHIP APPLIED FOR ☐ FULL ☐ ASSOCIATE ☐ SPECIAL ASSOCIATE

I wish to join the Washington, D.C. Chapter.

Section III

EMPLOYER _____ Government: Federal ☐ State ☐ Local ☐
Private Employer ☐ Academia ☐ Other _____

TITLE OF MY POSITION _____

TYPE OF WORK PERFORMED: ☐ Accounting ☐ Auditing ☐ Budgeting ☐ ADP ☐ Other _____ DESCRIPTION _____

Section IV

EDUCATIONAL BACKGROUND:

SCHOOL	LOCATION (STATE)	YEAR FROM TO	MAJOR	DEGREE

Section V

ACCREDITATIONS AND CERTIFICATIONS:	STATE	CERTIFICATE NUMBER	YEAR
<input type="checkbox"/> CPA			
<input type="checkbox"/> CIA			
<input type="checkbox"/> CMA			
<input type="checkbox"/> CISA			

Section VI

FINANCIAL MANAGEMENT EXPERIENCE: (List most recent experience first) Completion of this section is optional if applicant has one or more of certificates indicated in Section IV, completion for more than 3 years experience is optional if applicant has listed a 4 year degree in a financial management field in Section IV, and listing more than 6 years experience is optional for all applicants.

EMPLOYER	LOCATION	TITLE	POSITION SERIES AND GRADE	FROM TO	MONTH/YEAR

Date of application _____ Signature of applicant _____

Sponsor (optional) _____ NAME (PRINT) _____

SPONSOR'S AGA MEMBERSHIP NUMBER _____

Remitted herewith is \$ _____

INFORMATION FOR APPLICANTS ELIGIBILITY REQUIREMENTS

FULL MEMBERSHIP— (DUES \$47.50)

An individual who has a minimum of 6 years of experience in accounting, auditing, budgeting, or other financial management fields. A graduate of an accredited college or university with a major in the financial management or allied fields may substitute education for experience. A four-year degree counts as 3 years of experience. Holders of CPA, CMA, CIA, and CISA certificates are qualified for full membership without further experience requirements.

ASSOCIATE MEMBERSHIP— (DUES \$33.00)

A colleague that has less than the experience requirement for full membership. Except for holding an elected national office, all other services and privileges of membership are provided. It is anticipated that associate members will become full members through additional experience.

SPECIAL ASSOCIATE (DUES \$19.00)

Only for junior associates in their first year of employment and full-time students.

DID YOU KNOW . . .

By Charles McAndrew

This month we are featuring one of the Treasury Financial Management Service's major initiatives—its Financial Analysis Project. The government has, as currently reported, in excess of \$840 billion invested in inventory and property. Yet agencies receive little or no advice and assistance on managing these resources. Much work needs to be done to reduce the existing complex of inconsistency and confusion surrounding such things as depreciation, accountability, capitalization levels, antiquated property systems, and procedures which do not provide for a proper interface with accounting systems.

Treasury has been collecting balance sheet data from the agencies for years. Historically, review and analysis of this data has been limited largely to data verification and checking prior to publication. Under the Financial Analysis Project, information on the publication tapes would be read into a data base, which is amenable to application of advanced analytical programs and models. Thus, the Service is moving away from just publishing financial information and is moving toward using the information to strengthen financial management through forecasting and comparative analysis.

An important part of the effort is the Service's task force to improve the management of government property. The task force believes opportunities exist to save money and avoid waste through better management of property throughout the government. The task force's initial focus includes inventories, ADP software, equipment, and assets under capital lease.

The task force will work closely with agencies to upgrade the quality of data submissions, develop analytical tools, and correct deficiencies. Analyses will be directed to developing ratios, trends,

comparative analyses, and standards/norms, both for individual agencies and for the government as a whole. The agencies will benefit from data base access; availability, use, and knowledge of analytical tools; information on cases of superior performance; and new ideas for improved management. Questionnaires were sent in September to the major agencies to obtain information on their inventory and property accounts, and the kinds of analyses which would be helpful to them.

For more information, contact Diane Yanushefski on 535-9693.

Don't forget to call me on 696-6896 with your financial management and systems development projects or innovations, audit techniques, or similar items of interest.

* * * * *

Northern Virginia Chapter's October 20 dinner meeting will feature a seminar on audit quality with key speaker **Frederick D. Wolf**, Director of GAO's Accounting and Financial Management Division. The Chapter's meetings this year are at the Sheraton National, at Washington Boulevard & Columbia Pike in Arlington. For details or reservations call Warren Seitz on 523-8401.

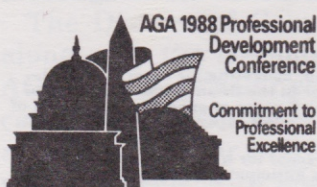
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Members should have by now received the flyer on the October 7 Emerging Issues In Government Accounting And Auditing Conference referred to by Terry in his President's Message. If, however, for some reason you did not, please call. (Lee Beaty; 275-9532). The all-day conference, to be held at the Grand Hyatt, will feature **Congressman Joseph J. DioGuardi**, as keynote speaker, and a wide variety of other well known leaders in federal accounting and auditing. \$95 fee includes lunch.

NEWSLETTER

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