

ASSOCIATION OF
GOVERNMENT
ACCOUNTANTS

AGA

NEWSLETTER

WASHINGTON CHAPTER

DECEMBER 1986

THURSDAY December 4, 1986 LUNCHEON MEETING TO FEATURE



Congressman
FRANK WOLF
(Republican-Virginia)

Speaking on
Family as a Priority

at the
SAM RAYBURN HOUSE OFFICE BUILDING
Room B-338, "C" and South Capitol Streets
Near Capitol South Metro Station

Social	
Period	11:15
Luncheon	12:00
Cost	\$13.00 (Members with reservation) \$15.00 (Non-members and No Reservation)

For Luncheon Reservations Call 639-6882 (8:00 a.m. to 8:00 p.m.)
Telephone Reservations Accepted Thru December 2, 1986

NON MEMBERS WELCOME

All Reservations Guaranteed

Meeting Schedule: • Jan. 8 • Feb. 5 • Mar. 5 • Apr. 2 • May 7

PRESIDENT'S MESSAGE



Gary Palmquist

The great experiment is yet to be tested. I was listening to cassettes supplied by the National Office about how to improve a volunteer organization. One suggestion was that the organization's luncheon meetings be changed to present the speaker first; followed by the meal. The suggester argued that such a change would break the routine and add some excitement to the meetings. It was suggested that when the speaker goes first, people will get to the meetings on time; the audience would not be sleepy from a big meal; and that people would have an opportunity to discuss the speaker's comments during lunch with other professionals instead of just going their separate ways right after the speech. It was also suggested that new people might attend meetings if they knew the meetings emphasized continuing education as much as the social aspects of seeing peers. In addition, members could come just for the speech if they had to get back to work.

I thought these results merited some exploration and agreed to an experiment to see how you reacted to the change. So far we haven't had a fair test. During our first meeting we had two speakers, Sus Uyeda and Dave Dukes. Because they needed a little more time than one speaker, the audience became impatient for the meal. At our second meeting, the meeting room (for the first time ever) was not available until about 12:40. Fortunately, our speaker Fred Wolf was gracious enough to speak while our members ate. By the time you read this we will perhaps have actually tested the changed meeting experiment.

The feedback I've gotten to date has been largely negative. I may be on the wrong track here, but I sure would like to give the idea at least one fair try. Please let me know what you think.

ABOUT OUR SPEAKER Frank Wolf — A Personal Profile

- Elected to Congress in 1980.
- Member, House Appropriations Committee.
- Member, House Select Committee on Children, Youth and Families.
- Member, Executive Committee, Congressional Human Rights Caucus.
- Married to the former Carolyn Stover.
- Five children, all of whom have attended Fairfax County public schools.
- B.A. Pennsylvania State University; LL.B., Georgetown University Law School
- Ran in the 1968 Boston Marathon and 1985 Reston Triathlon, finishing both.
- Member, Vienna Presbyterian Church.
- U.S. Army Reserves.

AGA TGIF LUNCHSHOP

"The New Simplified Tax Law???"

December 12, 1986
11:30 a.m.—1:30 p.m.

SPEAKER

Bill Parks, Phd.
Tax Specialist

ACACIA FINANCIAL SERVICES

LOCATION

Room 4234
DEPARTMENT OF TRANSPORTATION
400 7th Street, SW
Washington, D.C.

There is limited seating for this session, so that reservations will be accepted on a first come first served basis. Please contact either Diane Bray on 695-0839 or Judith Parson on 566-3781 to register. Bring a brown bag lunch or purchase a buffet lunch (sandwiches) for \$5 for Washington Chapter members, \$6 for nonmembers.

FEDERAL EMPLOYEES RETIREMENT SYSTEM

By John D. Webster, OPM

The new Federal Employees Retirement System (FERS) is a three-tiered pension program designed along the lines of the best private sector plans. Using Social Security as a base, it provides an additional Basic Benefit based on the length of Federal service (generally one percent of average salary per year) as well as a voluntary savings plan.

As you can see, the benefit structure for FERS is fundamentally different from the current Civil Service Retirement System (CSRS), which is a stand-alone staff retirement plan. The distinctions between the systems do not stop at this point; funding provisions for FERS are also significantly changed from that of the CSRS. Under FERS, the agency contribution rate for the basic benefit is the difference between the applicable normal-cost percentage and the employee's withholding rate. Under the CSRS, the agency contribution rate was fixed by law (e.g., 7%) and the combination of the employee and agency contribution rates did not equal the plan's normal cost (i.e., 35%). Agencies are also required to contribute to the savings plan (1% to 5%) and match employee contributions to social security (5.7%).

Normal cost is an actuarial term that can be described as the estimated level percentage of pay that needs to be contributed for a typical group of new employees over their entire working careers in order to pay for all of their FERS's basic benefits. Separate normal cost percentages are computed by OPM actuaries to reflect the benefits provided by the law. Listed below are preliminary OPM normal cost calculations for two of the major categories of covered employees:

Type	Normal Cost	Employee Rate	Employer Rate
FERS Regular Employee	16.1%	1.3%	14.8%
FERS Special Employee (Air Traffic Controllers, Law Enforcement Officers, and Firefighters)	31.8%	1.8%	30.0%

Normal-cost percentages could change in the

future based on the results of actuarial valuations. In addition, the employee deduction rate declines to .94% (regular employees) in 1988/89 and .80% after 1989. These changes follow corresponding increases in the FICA rate.

As can be seen from above, establishing normal-cost funding for the FERS basic benefit significantly changes the Government's cost accounting for retirement benefits. Instead of contributing the Government's normal cost percentage under the CSRS (28%), agencies only contributed 7% or 7.5% towards the cost of retirement benefits. In order to keep the CSRS solvent, direct Treasury transfer payments were established and represent the major source of funding. In contrast, FERS properly assigns costs to employing agencies to ensure accountability and full funding and minimizes the extent of direct transfer payments. This change has significant budget implications for program agencies since retirement costs will increase considerably.

OPM has issued Payroll Office Letter Number 86-9, which provides guidance to finance offices on the new FERS withholding and contribution procedures. If your agency has not received a copy, please call 632-7450.

John Webster is the Office of Personnel Management's Assistant Director for Financial Control and Management, and is a member of AGA Washington Chapter.

CHAPTER SLOGAN CONTEST

Yes, there is such a thing as a free lunch. If you are the winner in the Chapter's slogan contest, that is. The Chapter Executive Committee is looking for an appropriate slogan for the Washington Chapter. Send your entry NLT January 15 to AGA Washington Chapter, P.O. Box 423, Washington, DC 20044 (include your name and address). The winner will be promptly notified and will receive a free lunch at a future monthly luncheon meeting of his/her choice.

This Could Be Your Last Newsletter!

... If you have not paid your dues! Renewal notices were mailed in mid-August. If you did not receive yours or lost it 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 will be purged from our active mailing list and will cease receiving materials from AGA after this newsletter.

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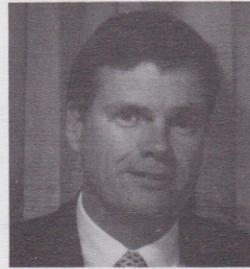
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TREASURY'S CONSOLIDATED FINANCIAL STATEMENTS RELEASED

On the surface, there appears little relationship between the Gramm-Rudman-Hollings deficit reduction law and the Consolidated Financial Statements (CFS), just released by Treasury's Financial Management Service. But there is.

Gramm-Rudman-Hollings demonstrates accountability for effective control of Federal resources by bringing receipts and outlays into balance. The Fiscal Year 1985 edition of the CFS, containing a comprehensive picture of all Federal assets and liabilities, provides a sound and consistent basis for making better financial decisions.

The report contains information, unavailable elsewhere, about the financial condition and operations of the Federal Government as a whole. It shows the magnitude of the Government's assets and future claims on Government resources, and contains information on the Government's inventories and fixed assets, its pension liabilities, and the size of the public debt.

The Government's continuing effort to improve the Federal financial management systems, and the quality and timeliness of financial reporting with full disclosures to the public, propels CFS reporting another step closer to a fully consolidated report based on generally accepted accounting principles (GAAP).

The new report provides a condensed, streamlined Consolidated Statement of Financial Position, Consolidated Statement of Operations (by agency), and Consolidated Statement of Changes in Financial Position. The Reconciliation of Accrual Operating Results to Cash Basis Budget has been expanded to include the Consolidated Statement of Receipts and Outlays.

In addition, the Notes to the Financial Statements have been enhanced to include extensive details that highlight and explain the statements, thus making the CFS more in tune with business financial statements. As in the past, each section of the report is accompanied by detailed graphs.

The Supplemental Tables now include Accounts and Loans Receivable due from the Public (by agency), the Federal Debt, and the Commitments and Contingencies of the U.S. Government.

The CFS is for sale by the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. The price is \$2.00.

Submitted by FMS' Judy Graf of AGA Washington Chapter.

LOCAL CHAPTER UPCOMING EVENTS

The Northern Virginia Chapter's next dinner meeting will be held on December 16 at the Ramada Inn (I-395 and Seminary Road) in Alexandria. Mr. Jack Fawcett, President, AGA, will speak on "New Directions in AGA". Social hour begins at 6 p.m.; cost is \$13 for members and \$15 for non-members. Call JoEllen Kowalski, 275-9412, for reservations.

The Montgomery-Prince George's Chapter will sponsor a holiday social on December 5 at the Harlequin Dinner Theater to see the show "MAME". Time: 6:00 p.m.; cost: \$25 per person. Call Richard Kaplan, 366-1405, or Joe Giannantonio, 755-4721, for reservations.

FINANCIAL MANAGEMENT AWARD NOMINATIONS

The Joint Financial Management Improvement Program (JFMIP) is seeking nominations for the 1986 annual Donald L. Scantlebury Memorial Awards. Nominations should conform to the criteria and format as described in brochures sent to Agency Heads on October 27.

The awards provide an opportunity to acknowledge senior financial management executives who, through outstanding and continuous leadership, have been principally responsible for significant economies, efficiencies, and improvements in the public service. Last year, the JFMIP recognized Mr. C. Morgan Kinghorn, Comptroller, Environmental Protection Agency, and Mr. Edward J. Mazur, Comptroller for the Commonwealth of Virginia.

All nominations must be received by JFMIP before January 9, 1987. Engraved plaques will be presented to those selected awardees at JFMIP's Annual Financial Management Conference scheduled for March 19, 1987, in Washington, D.C.

For additional information, contact Doris Chew, 376-5415.

Membership Services Initiatives

By Dan McGrath and Ken George
Co-Chairpersons, Membership Services Committee

Our President's theme for this year is to vigorously recruit and retain members and to serve those members fully. Towards this endeavor, the Membership Services Committee is charged primarily with membership recruitment and retention; and with Agency liaison.

Agency liaison is a network of key members in the various Agencies and organizations in which we are employed. The key number will be the contact and source of information to chapter members and potential members on such subjects as —

- upcoming meetings and seminars;
- opportunities to get involved in chapter activities;
- sounding board for members needs and ideas;
- enlighten potential members on AGA and chapter benefits; and
- develop an information network.

Our Committee is in the process of building this network for this program year and needs your support. If you would like to be this important link within your Agency call Dan at 566-3717 or Ken at 634-9163.

In the area of recruitment and retention there is good news and bad news.

As of September 30th [the due date for assessment renewals] our retention rate for current members is only 48 percent. The AGA-wide goal is a 90 percent retention rate. Historically, many of our members wait until October and November to renew therefore, the retention rate should pick-up considerably. However, let's not leave it to chance. Each of us should urge our recalcitrant fellow-worker members to re-up. The committee will be receiving a list, from the AGA national office, of de-activated members. We might be asking some of our more active members to contact a block of those ex-members.

The outlook for enrolling new AGAers is much brighter. We have signed up an estimated 58 new members - well on our way towards our goal of 200 recruits by the end of our program year (April 30, 1987). This result was achieved in what is normally the slow summer months when there is very little AGA activity. To assure our chapter stays healthy and vibrant we urge each of our readers to sign-up at least one colleague before Christmas.

SYSTEMS ACCOUNTANTS WANTED

Treasury's Financial Management Service (FMS) has openings for 5 Systems Accountants, GS9-13 for new FMS program involving work with central and program agencies on financial management systems. Closing date of the vacancies is December 8, 1986. For information, contact Susan Buck, FMS Personnel, on 535-6435, or Susan Lee on 535-9693.

Chapter Executive Committee Minutes

By Jean Bowles

The Washington Chapter Executive Committee met at noon on Thursday, October 30, 1986.

The printing up of a card to welcome new members with an invitation and info on date of the next luncheon meeting was discussed. This would counter the problem of time lapsing after a new member joins before presentation of a membership certificate or receipt of the *Newsletter* or any other contract.

Lee Beaty reports that thanks to Herb McLure's efforts, there is now a new printer for the *Newsletter* at a considerable savings. The committee will work on an advertising policy and procedures to permit revenue from this source. As the *Newsletter* has been held to eight pages this year, quite a number of articles are on hand and an issue of 16 pages is planned to clear up the backlog.

Terry Conway is studying the question of nominations for National President Elect.

Ken George and Dan McGrath reported that as of September less than half of our members had paid their renewal dues. (That's personal cash management for you.) New members to date number about 60 against our annual goal of 200.

Joyce Shelton recently surveyed the status of members registered for job referrals. Of 25 members, 11 responded, all seeking grades of 15, 14, or 13.

The TGIF held on October 24 had 60 participants. Publicity has been only through the *Newsletter* and luncheons. The next TGIF is November 21 on "Personal Investment Strategies under the New Tax Reforms."

There was discussion of various organizations' acceptance of sponsorship of their events by CPA firms and private companies. Strong reservations were expressed.

DID YOU KNOW

By Charles McAndrew

This month we are featuring the Navy Accounting and Finance Center's Consolidated Systems Evaluation (CSE) process for evaluating accounting and financial management systems. The Navy Comptroller, the head of the Center, is charged with developing the CSE process and using it to carry out evaluations, on a cyclical basis, of Navy's financial management systems, both under development and in operation. The Comptroller is responsible for approval, certification, and reporting on the systems.

CSE was designed as an alternative to more traditional approaches which review functions and not systems. These approaches are audit oriented and do not focus on system requirements. Also, they will not support the systems compliance determination required by Section 4 of the Financial Integrity Act, nor will they measure compliance with OMB and GAO requirements.

CSE surmounts these shortcomings. It was developed and successfully implemented by the Center's Planning and Systems Evaluation Division to provide an organized, dynamic, and performance oriented life cycle approach to reviewing the systems. CSE is an objective, comprehensive, and structured approach which will provide reasonable assurance that the systems are developed, operated, and maintained in an efficient and effective manner, and comply with both external and internal requirements. The process satisfies evaluation requirements mandated by the Department of Defense and the Navy. It includes the transaction testing required by DOD and by OMB's *Guidelines for Evaluating Financial Management/Accounting Systems*.

CSE uses a team approach. A CSE team typically consists of three to six persons under the direction of a systems evaluation manager. The team includes persons skilled in accounting, ADP, and other specialties as needed. Users often have an opportunity to serve on a team, thus expanding their knowledge of a system, its interfaces, and areas needing improvement. Often a CSE review begins with a team "walk-through" of accounting operations.

CSE includes procedures to measure:

- Compliance with external and internal cash management requirements.
- Accounting system support of the budget system.
- External and Navy internal control requirements, using a state-of-the-art software package; Internal Control Information System (ICIS).
- ADP soundness, including the adequacy of the hardware/software configuration.
- Functional soundness, including the extent to which a system addresses its stated objectives, unique environmental features, and required interfaces, and the adequacy of the system's "fit" in Navy's overall operating environment.
- The extent to which user needs have been accurately identified and met.

CSE results and supporting details are used to develop and support the FIA Section 4 certification and the Navy's Strategic Financial Management Master Plan.

For additional information on Navy's CSE process, you may call Gary Chester, the Center's Systems Evaluation Branch manager, on 695-1070.

Don't forget to call me on 695-1070 with your financial management, systems development projects or innovations, audit techniques, or similar items of interest.

NEWSLETTER

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