

ASSOCIATION OF  
GOVERNMENT  
ACCOUNTANTS

# AGGA NEWSLETTER

WASHINGTON CHAPTER

APRIL 1984

## THURSDAY APRIL 5, 1984 LUNCHEON MEETING TO FEATURE



VINCENT PURITANO  
Assistant Secretary of Defense  
(Comptroller)

speaking on

"Department of Defense Financial  
Management Initiatives"

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	\$10.00
Open Bar	\$3.00

For Luncheon Reservations Call 695-7954  
Telephone Reservations Accepted Until April 3, 1984

### NON MEMBERS WELCOME

*All Reservations Guaranteed*  
Meeting Schedule: May 3

# PRESIDENT'S MESSAGE



**KEN WINNE**  
**Joint Financial Management Improvement Program**

April is almost upon us and it is just one month before the Chapter year comes to its grand finale with our May meeting. There are still many things to be accomplished before we finish our year.

In my November message to you, I appointed each member an "Ambassador" of our Chapter. You, the Ambassadors, make the Chapter what it is, professional, dedicated and talented. Now since you have "Ambassadorial" status, I am going to ask you to work for the title, that is to recruit new members. We have a goal of increasing our membership by 10 percent, which is just over 100 new members. If just 10 percent of our Ambassadors recruit one member each we will meet our goal. If you need applications call Susan Lee or myself. Applications will also be available at each meeting. Bring a friend or coworker to our meetings and introduce them to the Washington Chapter of AGA.

On pages six and seven of this Newsletter, we have included the names and AGA activities of those Chapter members who have agreed to be candidates for offices and directors during the upcoming Chapter year. I would like to thank these individuals for expressing their willingness to serve the Chapter.

I again want to emphasize the importance of taking a few moments of your time to review the list of candidates and then vote for those you want to serve you. To vote, all you are required to do is check the box next to your choices on the ballot included with this Newsletter and drop the ballot in the mail. We normally experience a good percentage of voting but it is important that you take this opportunity to vote because some of the votes in past years have been extremely close. Remember, you are not required to vote for all five directors, you may vote for a lesser number if you desire. So, please take a few moments and mark your choices NOW!!!

At this month's luncheon meeting, we will honor those students for the Washington Metropolitan area colleges and universities for attainment of a high degree of excellence in academic financial management

studies. These students are picked for this award by the Head of the Accounting Departments in these institutions. Also, we will have the pleasure of Vincent Puritano, Comptroller of the Department of Defense addressing our group. Come out and greet the students and take a moment to introduce yourself to them and welcome them to the AGA.

## From The Capital Region—VP

HI! I am Tom Mundell, your capital region vice president for this fiscal year. Your chapter editor has given me this space to explain the part of the Association beyond the chapter level. For some members the only contacts they have with National Office is monthly copy of the Topics, the Government Accountant Journal, and the yearly bill for dues. All the chapters in AGA are assigned to a specific region and a regional vice president. In the capital region are the Washington, the Montgomery-Prince Georges, the Northern Virginia and the Virginia Battlefield Chapters. Each of these chapters has its own newsletter, meeting's place and time, awards program, and educational events.

One of the main purposes of my AGA position is to be a communication link for the National Office, the Capital Region chapters, and the other regional vice presidents. I pass along any new ideas, experiences, and other information that can help AGA serve its members better. Another purpose is to coordinate the Capital Region Educational Events that are jointly sponsored by the local chapters with the National Office. Recent events include the following seminars:

March 15, 1984	Financial Auditing
March 28, 1984	Grace Commission
April 10 & 11, 1984	How to Do an Internal Review

and of course the Professional Development Conference is scheduled for July 9, 10, and 11 at the Washington Hilton Hotel.

If your editor allows me, I will be back in future issues.

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## WASHINGTON CHAPTER Executive Committee 1983-1984

### Officers

#### President

Kenneth M. Winne, JFMIP, 376-5415

#### President-Elect

Virginia Robinson, GAO, 275-5071

#### Secretary

Ray Kudobeck, Education, 755-1625

#### Treasurer

Judith Boyd, Treasury, 634-5507

#### Past President

Bob Pewanick, GAO, 275-4897

### Directorate

#### Awards

Jim Saylor, DOD, 697-0585

#### Chapter Competition

Diana McDermott O'Neill, Navy,  
695-1070

#### Cooperation with Educational Institutions

Carol Lynch, Education, 472-2395

#### Education

Doris Chew, JFMIP, 376-5415

Ron Lynch, Arthur Andersen, 862-3324

#### Newsletter

George Englert, JFMIP, 376-5415

#### Meetings

Sue Fields, NIH, 496-3417

#### Membership

Susan Lee, Treasury, 634-5717

#### Programs

Tony Gabriel, USDA, 447-7431

#### Publicity and Agency Liaison

Loretta Shogren, Justice, 633-3291

### Committee Chairperson

#### Assistant Editor

Patricia Lippart, DOI, 343-6307

#### Assistant Treasurer

Kathy Fry, NIH, 496-5014

#### Chapter Evaluator

Jim Smith, Navy, 695-1070

#### Cooperation with Professional Organizations

Tom Hanley, Touche Ross, 452-1200

#### Employment Referral

Terry Conway, DOD, 697-3192

#### Financial Management Assistance

Diane Bray, Treasury, 634-5720

#### Professional Development Conference

Gordon Harvey, DOE, 252-1943

#### Relations with National Office

Adam Shaw, DOD, 697-0585

#### Research

Ken George, ACTION, 634-9163

Joe Rothschild, HUD, 426-6240

#### Small Business Education

Chuck McAndrew, GAO, 254-9810

## About Our Speaker This Month

Vincent Puritano was designated Acting Assistant Secretary of Defense (Comptroller) by Secretary Weinberger on January 1, 1983. In February 1983, he was nominated by the President, confirmed by the Senate and on February 25, 1983 was sworn in as the **Assistant Secretary of Defense (Comptroller)** by Secretary Weinberger. As chief financial officer for the Department of Defense (DoD), Mr. Puritano is responsible for the Department's financial operation, including the preparation and presentation of the Department's annual budget to the President and to Congress; financial management systems and policies, cost performance measurement, organizational management and improvement, information resource management and the operation of the Defense Contract Audit Agency. He is a member of the Defense Resources Board, the DoD Council on Integrity and Management Improvement and the Defense Systems Acquisition Review Council. He also serves as the Executive Secretary of the Defense Resources Board and the DoD Council on Integrity and Management Improvement.

Prior to his present position, Mr. Puritano held positions that included the Executive Assistant to the Deputy Secretary of Defense, Special Assistant of the Deputy Director Central Intelligence Agency, and Deputy Associate Director, Office of Management and Budget.

## Grace Report on Retirement

By John D. Webster, OPM

What did the President's Private Sector Survey (PPSS) on Cost Control (more commonly known as the Grace Commission) recommend concerning the Civil Service Retirement System (CSRS)? The following is a summary of some of the major recommendations contained in the report:

**Retirement Age**—PPSS recommends increasing the normal retirement age to 62 for all new employees and current employees younger than 45. Reduced benefits at age 55 would also be available at an actuarial reduced rate. Vesting of benefits would only be after 10 years of service.

**Benefit Formula**—PPSS recommends a benefit formula of: 1.5% x years of service x high five years of salary. Again, this change would apply to all new employees and current employees younger than 45; however, current employees would retain credit for years of service under the current formula. A Social Security (SS) offset would also be applied. Credit for unused sick leave would be eliminated.

**COLAs**—PPSS recommends a change in the formula for computing the amount of annuity cost-of-living adjustments (COLAs), which they say would approximate 70% of inflation for retirees without SS and 33% of inflation for retirees with SS.

**Double Dipping**—PPSS recommends integrating all Government pension systems in an effort to recognize the Federal Government as a single employer and to eliminate double or triple dipping.

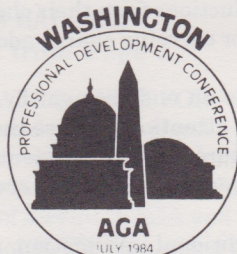
**Other**—The PPSS retirement report made 27 recommendations in all for changing the CSRS and the Military Retirement System. They estimated that the present value of Federal retirement costs would be \$58 billion less over a future three-year period, 2001-2003, if these recommendations were fully implemented. Other PPSS recommendations included allowing early retirement only when employees are dismissed (e.g., RIF), tightening disability requirements, changing survivor benefits, investing 25% of the CSRS fund in top-grade private sector bonds, and requiring agencies to pay their full (true) share of retirement costs.

The report finally ends by recommending a phased transition to a defined contribution plan and away from the current type of defined benefit plan.

## NEWS FROM NATIONAL

"SINGLE SLATE" NOMINEES ARE CONFIRMED In the absence of additional nominations by petition, those candidates nominated by the National Nominating Committee for FY 1985 AGA officer posts have been deemed elected. June Gibbs Brown, NASA Inspector General and Washington Chapter member, will become AGA's president-elect on July 1 of this year, along with thirteen regional vice presidents-elect. In one change to the original list, Ronald Hofmeister, Greater Lansing Chapter, will become RVP-elect of the Ohio-Michigan Region, in place of the earlier nominee, Francis L. Reynolds, Detroit Chapter, who withdrew.

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REFORM AND TECHNOLOGY  
A RENAISSANCE IN GOVERNMENT

# Using Microcomputers for Audit and Investigation

by

Bob Gilpatrick

EDP Audit Manager

Department of the Interior

Office of Inspector General

The Department of the Interior (DOI), Office of Inspector General (OIG), along with most other OIGs throughout the Federal Government, has stepped into the age of microcomputers with both feet. Initial results from using the microcomputer as an audit/investigation tool have been most encouraging. Significant time savings have been experienced by auditors using the microcomputer to process repetitive audit steps where spreadsheet preparation and verification are involved.

This state-of-the-art audit and investigation enhancement started with the President's Council on Integrity and Efficiency. A committee was appointed by the Council to study more effective uses of computers to perform audits and investigations. The committee, headed by the National Aeronautics and Space Administration (NASA) Inspector General, among other things, performed an evaluation of microcomputers available on the market to determine how they could be used in performing audits and investigations.

Technical evaluations of several makes and models of microcomputers were performed. While the microcomputer selected was considerably more expensive than most of the others, it also showed the most potential as an easy-to-use, completely portable, lightweight audit or investigation tool. One of the outstanding features of the selected microcomputer is the "integrated software" which requires the learning of a few one character codes to use the automated spreadsheet, graphics, wordprocessing or data base software. The codes are essentially the same for each application.

Since the study, each of the OIGs has purchased and used microcomputers. Training courses were developed by NASA OIG and subsequently by other agencies. Once trained, the auditor or investigator with a microcomputer in hand is a more productive and innovative government employee.

The DOI OIG started using the microcomputer in July 1983. An initial acquisition of three micros was made to perform a pilot test of how these computers could be used. During the test the micros were used primarily to produce electronic worksheets. This test consisted of scheduling data gathered on contract audits and the processing of indirect cost proposals submitted by state and Tribal governments to establish indirect cost rates for the administration of Federal programs. Immediate, favorable results were realized. For both audits of contract bids, where contractor equipment rates were included, and the indirect cost rate proposal reviews, auditors experienced time savings of up to 80%. For example, in processing the indirect cost rates the auditors were able to process these proposals in less than 5 hours as opposed to almost 48 hours using manual steps and a calculator. Additionally, the need for verification of calculations was eliminated since a standard worksheet containing all predetermined calculations was developed which would accommodate the indirect cost rate variables.

Since the pilot test, the DOI OIG has purchased 13 additional microcomputers. Ideally each audit or investigation

team would have access to a microcomputer; however, since cost is a limiting factor, each audit or investigation is evaluated to determine if the use of a microcomputer would strongly benefit the job. Members of the OIG staff are using the micro in Alaska, on Indian reservations, on oil and gas royalty audits, and on investigations involving suspected fraudulent filing for Federal leases. Usually data from source documents is entered into the computer at the field site and then returned to the home office for analysis and report production.

Another useful tool provided by the microcomputer is the graphics package. In many cases the use of a graph to present the results of audit work has greatly enhanced the final report by displaying facts and figures in a clear, concise picture rather than through the use of a schedule. As the saying goes, "a picture is sometimes worth a thousand words" often applies to audit reports.

The microcomputer has also been used in DOI OIG during the annual audit planning process. As an audit suggestion was made and the number of staff days were determined for that audit an entry was made into the microcomputer. A running total of the number of audits proposed and the staff days required as opposed to the number of staff days available was provided. Consequently, as the planning process progressed an up-to-date total of how many audits were planned and how many resources were used was immediately available. Graphics were also used to display where the audit resources were being utilized.

In addition to saving time and increasing productivity and improving report quality, more comprehensive and extended audit and investigative steps are being performed that were almost impossible prior to the age of micro computing due to volume and time requirements. The uses of the micro in auditing and investigating seems to be limited only by the innovation and creativity of the auditor or investigator.

## Special Automobile Insurance for Capital Region AGA Members

Nationwide Insurance Company is offering chapter members of the Capital Region a new insurance plan that lets members buy automobile insurance at reduced rates and pay for it through monthly deductions from their checking accounts. There is no interest or carrying charge added for this convenience.

This offer does not constitute an endorsement by AGA. We are just bringing it to your attention because the plan seems to have some unique features and offers potential for substantial savings without a reduction in either coverage or claim service.

To receive a quote and/or additional information, please call Frank Reymer, a Nationwide representative on (703) 573-1288.

## Evaluating the Evaluators of Internal Control Systems

By Joseph Rothschild, CPA  
Office of Inspector General

Department of Housing and Urban Development

It's time to look at the individuals who are trying to influence agency management and financial systems. These evaluators are suggesting ways to reduce the susceptibility of these systems to abuse or waste. Federal agencies recently completed the initial cycle of their evaluations and reported the results to the President and the Congress at December 31, 1983, as required by the Federal Managers' Financial Integrity Act of 1982 and Office of Management and Budget Circular No. A-123, Internal Control Systems. For most agencies, I suspect that the initial 2 years have been spent on establishing the agency processes to (1) identify the systems or subsystems, (2) describe their potential risks, and (3) provide individuals with the tools and knowledge to evaluate systems they are responsible for operating. What is needed now is to reassess both the evaluation processes and the evaluators themselves.

Some preliminary results from an ongoing research project raise questions about the training and ability of supervisors to objectively evaluate their operating systems. For example, a sample of auditors, management analysts, and accountants indicates:

- About 56 percent had less than 5 days of training in evaluating internal controls during the last 5 years (more than one in five had no training).
- Almost 65 percent of the respondents believed managers were knowledgeable about internal controls, however, almost three or every four responses thought supervision and management attitude needed improvement.
- Three of the eleven areas of greatest concern were (1) compliance with laws and regulations, (2) decentralized field operations, and (3) automated data processing.

Further analysis of the data is needed to discern such matters as whether training is being given to those performing the evaluations or to the supervisors; or do experienced personnel perceive management's attitude and knowledge about control problems the same as less experienced evaluators.

The self-evaluation process adopted relies on evaluator perceptions and knowledge as well as supervisory attitudes. More study of these is needed to improve the effectiveness of the drive to improve governmentwide control systems.

### NEWS FROM NATIONAL Continued from Page 3

MEMBERS ARE SOUGHT FOR AGA NATIONAL BOARDS National President-elect Harold Stugart is seeking candidates for service on AGA national boards and committees for his year of tenure beginning July 1. This is a real opportunity to be of service to AGA and to the profession. See the March issue of TOPICS for added details; the issue also carries a simple form for you to use in volunteering for this vital work.



Charles Dempsey, Inspector General at HUD, Arlene Triplett, Associate Director for Management OMB, Tony Gabriel, Washington Chapter Program Chairman, and Ken Winne, Washington Chapter President at our March luncheon meeting.

## AGA AGENCY LIAISON COMMITTEE REPORT

By Loretta J. Shogren

The Chapter has a cadre of dedicated members who have accepted the responsibility of assisting in getting the word out about meetings and educational events. They distribute flyers, provide applications for new membership, and in general act as the AGA contact point with their Agency.

If you would like to assist your chapter and become part of this group, please call me on 633-3291. Your help would be appreciated and you will benefit by getting to know more about your chapter.

### AGA Contact Points

Agency	Name	Phone Number
Agency for International Development	Tom Mundell	632-0162
Agriculture	Peter Ben Ezra	382-8998
Agriculture	Tony Gabriel	447-7431
Commerce	Frank Russ	377-4593
DC Government	David Legge	727-2540
Defense	Tom Short	697-0585
Education	William Hawkins	755-0733
Energy	Mary Lee Mason	252-4867
Federal Communications Commission	Wayne Leshe	632-6905
General Accounting Office	Lee Beatty	275-5064
General Service Administration	Ron Longo	566-0460
Health and Human Services	Jim Foster	472-3204
HHS—National Institutes of Health	Sue Fields	496-5635
Housing and Urban Development	Dinshaw Manekji	755-5221
Housing and Urban Development	Barry Minor	724-0589
Inter-American Development	Roberto Dominquez	468-0114
Justice	Geraldine Schaht	350-7608
Justice	Jefferson Wyatt	633-3410
Labor	Tom Kane	523-8834
Organization of American States	Alfonso Caycedo	789-3467
Peace Corps	Gary Palmquist	254-8320
Transportation	Jean Kerr	472-5730
Treasury—BGFO	John Barckley	633-5717
Treasury—BPD	John Newell	634-5086
Veterans Administration	H. Caryle Griffith	523-2901

## NOMINATING COMMITTEE REPORT

### Notice of Election of Officers and Directors for the Year Beginning July 1, 1984

A postage-paid ballot is enclosed for the election of 5 Directors for the Washington Chapter for the year beginning July 1, 1984 in accordance with Article VI of the Chapter Bylaws, the Nominating Committee nominated one candidate for the offices of President-Elect, Secretary, and Treasurer. Since there were no nominations by petition for these offices, the names of the single nominees are not included on the ballot and their election has been certified by the Bylaws Committee. In accordance with our Bylaws, which were changed last year, we will be electing five Directors each year for a two year term. There are 9 nominees for Chapter Director. No nominations by petition were received for these offices. All Chapter members (except honorary members) may vote for not more than five Directors. The names of the nominees for Directors are listed in random order. Any ballots postmarked after April 15 or received after April 18 are null and void. The results of the election for 1984-1985 will be announced at the Chapter luncheon in May. Please take the time to VOTE!!!!

#### FOR PRESIDENT-ELECT

**SUSAN LEE**—Member since 1977. AGA Service: Director, Membership Committee 1982-1984; Member, National Cash Management Task Force 1981-1983; Member, National Committee on Non-Accountants in Accounting Positions 1981-1982; Director, Education 1981-1982; Editor, Washington Chapter Newsletter 1980-1981; Member, Bylaws Committee 1980-1981; Chairperson, Early Career Activities Committee 1979-1980; 1980 Recipient of Chapter Award for Outstanding Contribution; Member, Early Career Activities Committee 1978-1979. Systems Accountant, Banking and Cash Management, Bureau of Government Financial Operations, Department of the Treasury.

#### FOR SECRETARY

**DIANE BRAY**—Member since 1979. AGA Service: Chairperson, Financial Assistance Committee 1982-1983 and 1983-1984. Member of Small Business Education Committee 1983-1984. Member, Education Committee 1981-1982. Member, Meetings Committee 1980-1981. Is Systems Accountant, Cash Management Regulations and Compliance Staff, Bureau of Government Financial Operations, Department of the Treasury.

#### FOR TREASURER

**JOSEPH ROTHSCHILD**—Member since 1980. AGA Service: Chairman, Research Committee 1983-1984. Member Awards Committee 1980-1981 and 1981-1982. Member National Committee to select Authors Award. Member, AGA Task Force on Internal Controls In Government. Is Director, Analysis and Evaluation Division, Office of Fraud Control and Management Operations, Office of Inspector General, HUD.

#### FOR DIRECTORS

**LINDA VANDENBERG**—Member since 1983. AGA Service: Member, Education Committee, AGA Cash Management Workshop, and was a speaker at the AGA PDC in 1983. Is Director, Central Office Financial Management Division, Office of the Comptroller, General Services Administration. Is also GSA's Debt Collection official as well as the Cash Management Officer.

**DAVID DUKES**—Member since 1980. AGA Service: Serving on AGA's Task Force on Financial Management in Government. Assisted in forming an AGA group of Federal managers to examine financial management issues which cross-cut government. Spoke on cash management at AGA's PDC in 1981. Wrote an article for the Government Accountants Journal in 1982. Is Deputy Assistant Secretary, Finance, Department of Health and Human Services.

**MARCUS PAGE**—Member since 1963. AGA Service: Member, Awards Committee 1969. Member Research Committee 1968. Member, Subcommittee on Cash Management 1980, 1981, 1982, 1983. Served on AGA National Legislative Affairs Board. Wrote several articles for chapter newsletter. Is Director, Government Accounting Systems Staff, Bureau of Government Financial Operations, Department of the Treasury.

**JAMES F. SMITH, JR.**—Member since 1978. AGA Service: Chapter Evaluator 1983-1984. Has contributed technical articles to the Chapter Newsletter. Is Director, Planning and Systems Evaluation, Navy Accounting and Finance Center.

Continued on Page 7

## JFMIP presents a one-day Financial Management Conference on April 16, 1984, discussing

"FINANCIAL MANAGEMENT REFORM—WHERE WE ARE AND WHERE WE'RE HEADED"

**Keynote Speakers:**     **CHARLES A. BOWSHER**  
Comptroller General of the United States

**R. T. MCNAMAR**  
Deputy Secretary, Department of the Treasury

### Workshops:

1. New Horizons for Accounting Systems Improvement  
  Leader:     **JOHN T. CREHAN**  
              Department of Defense
2. Auditing With Microcomputers  
  Leader:     **JOSEPH P. WELSCH**  
              Department of Transportation
3. Financial Integrity Act—One Year's Experience  
  Leader:     **FREDERIC A. HEIM, JR.**  
              Office of Management and Budget
4. High Technology Impact on Financial Management  
  Leader:     **FRANCIS A. MCDONOUGH**  
              General Services Administration

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

Cost: \$70 per participant

Location: Shoreham Hotel, Washington, DC   Registration information: Call Ed Murphy on (202) 632-5600.

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## NOMINATING COMMITTEE REPORT

Continued from Page 6

**GAIL YOUNG**—Member since 1971. AGA Service: Member new AGA group of Federal managers to examine financial management issues; Chairs the subgroup to recommend the priority for future discussion topics. Served on the Board of Directors, Montgomery/Prince Georges Chapter, AGA and received distinguished leadership award from that chapter in 1981. Is Controller, Department of Energy.

**JOSEPH LINNEMAN**—Member since 1980. AGA Service: Member Education Committee 1983. Serving on AGA's Task Force on Financial Management in Government, Assisted in forming an AGA group of Federal Managers to examine financial management issues which cross-cut government. Spoke at AGA's PDC in 1981. Wrote an article for the Government Accountants Journal in 1982. Is Associate Comptroller, Financial Systems, Department of State.

**MICHAEL SERLIN**—Member since 1977. AGA Service: Member, Education Committee 1983. Has assisted in developing chapter luncheon programs and is active in several allied organizations. Is Assistant Commissioner—Government-wide Accounting, Bureau of Government Financial Operations, Department of the Treasury.

**TERENCE CONWAY**—Member since 1981. AGA Service: Chairman, Employment Referral Service Committee 1983-1984. Secretary 1982-1983. Was Systems Accountant in Denver and Washington with the Air Force prior to present employment with the Office of the Secretary of Defense.

**JUDITH BOYD**—Member since 1976. AGA Service: Treasurer 1983-1984. Member, Meetings Committee 1982-1983. Director, Chapter Competition 1979-1980. Member, Research Committee 1978-1979. Member, Finance Committee 1977-1978. Is Systems Accountant with Banking and Cash Management, Bureau of Government Financial Operations, Department of the Treasury.

## Did You Know . . .

by

John MacArthur

- "Maintaining the Viability of the U.S. Tax System" is the title of an article by Roscoe L. Egger, Jr., commissioner, Internal Revenue Service, in the December, 1983 issue of the **Journal of Accountancy**. Mr. Egger discusses the proliferating problem of abusive tax shelters and describes the approach the IRS is implementing to identify abusive shelters and prosecute offenders. He emphasizes that non-compliance is not just an IRS problem but one that should be of great concern to accountants, who he says are in the unique position to promote responsible tax reporting, and indeed have an obligation to do so. He enlists the aid of the accounting profession by providing the IRS input on shelters and general tax trends. In particular, Mr. Egger states that it is the responsibility of CPA's who render advice concerning potential tax shelter investments to inform their clients of the definite pattern of recent court decisions denying claimed deduction and imposing new and greater penalties for abusive tax shelters.
- The Small Business Administration has recently revised its criteria for determining what is considered to be a "small business" with respect to accounting, auditing and bookkeeping services. Effective March 12, 1984 new SBA regulations determine that "small" in this profession applies when annual gross revenues do not exceed \$4 million. Earlier SBA proposals included the suggested criteria of 25 or less employees, which would have equated to approximately \$1 million in gross revenues. The new standard of \$4 million is intended to consider the effects of inflation since the earlier \$2 million standard was adopted in 1975.
- The Internal Revenue Service has recently proposed regulations to provide taxpayers with guidance concerning

changes in the law affecting individual retirement accounts (IRAs) simplified employer pensions (SEPs), and qualified voluntary employee contributions (QVEC's). The proposed regulations would define these plans, take recent changes to the tax laws into account, establish rules for making and accepting contributions, address tax-free rollovers, and consider requirements for plan qualification. According to the IRS, the proposed regulations would affect organizations that sponsor IRAs and SEPs, employees and individuals using IRAs and SEPs for retirement income, as well as employers who maintain plans that accept QVECs and employees who make contributions to this type of plan.

- The Bureau of Government Financial Operations is taking the lead role in defining and developing an integrated Governmentwide accounting and management information system suggested by the President's Private Sector Survey on Cost Control. The primary objectives of this task are to (1) define the centralized management functions needed for effective oversight at the Governmentwide level, (2) define the Federal Government's financial management needs, and (3) develop a modular conceptual design of a new Governmentwide Central Accounting, Reporting and Evaluation System. This project is addressing the high priority concern to develop and implement an effective information system to support a centralized financial management function within the Federal Government. This system would provide the centralized function with summary financial information from agencies to measure overall performance, and to serve as a basis for high level decision making and for establishing policies. For further information contact Bill Lehmuth on 376-0806.

### NEWSLETTER

PUBLISHED BY THE WASHINGTON CHAPTER  
ASSOCIATION OF GOVERNMENT ACCOUNTANTS  
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SEPTEMBER 1983



TIME-VALUE MAIL—  
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