

**AGA Washington Chapter
Monthly Luncheon
Thursday, October 2, 1997**

Our monthly luncheon meeting on Thursday, October 2, 1997, will feature **FASAB Chairman David Mosso**, who will discuss the current standards and the next steps. In addition to the luncheon meeting at the Grand Hyatt Hotel, the early careers folks have arranged a reception/happy hour that night at the J.W. Marriott on Pennsylvania Avenue. See page 3 for more detail.

**Grand Hyatt Hotel
1000 H Street, NW
(At Metro Center - 11th Street Exit)**

11:30 am Social

12:00 noon Luncheon & Discussion of FASAB standards with David Mosso

Luncheon cost: Members \$17.00;
Non-members \$22.00

Please call (703) 758-4080 and select option 1 to make your reservation by Monday, September 29, 1997

An all-day educational event is planned for November 18th at the J.W. Marriott hotel in Washington, DC. See page 10. Details of the event will follow.

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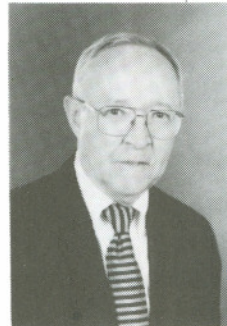
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Luncheon Speaker



David Mosso, FASAB

The principals of the Federal Accounting Standards Advisory Board (FASAB) appointed Mr. David Mosso to the position of Chairman, effective January 1997. From 1985 to his appointment as FASAB Chairman, Mr. Mosso worked for the Financial Accounting Standards Board (FASB) for twelve years, first as a Board member, then for two years as Vice Chairman of the Board, and for his last eight years on the Board as Assistant

Director of Research and Technical Activities. In his capacity as Assistant Director of Research and Technical Activities he oversaw FASB's major accounting projects which lead to statements of financial accounting standards.

Prior to his FASB tenure, Mr. Mosso worked for thirteen years as a senior U.S. Treasury Executive, culminating in his appointment as Fiscal Assistant Secretary of the Treasury. At Treasury he worked in a variety of managerial and staff positions and worked his way up to the position of Commissioner of Accounts, in charge of the Bureau of Accounts with responsibility for government wide financial reporting, disbursing nearly all federal monies from eight field offices, contracting for commercial bank services used by the federal government, and performing a variety of other financial functions. As Fiscal Assistant Secretary he gave policy direction to the three Bureaus comprising the Fiscal Service of the U.S. Treasury, and to the Federal Reserve Banks when acting in their capacity as fiscal agents of the Treasury for maintaining Treasury checking accounts and for issuing and redeeming public debt securities and U.S. currency. Prior to his work at Treasury he was an Instructor in accounting and economics at Washburn University.

Mr. Mosso holds a Bachelor of Business Administration from Washburn University, Magna Cum Laude; an honorary Doctor of Commerce from Washburn; and a Master of Arts in economics (industrial relations) from the University of Minnesota. He is a Certified Public Accountant, and a member of the American Institute of CPA's, the Virginia Society of CPA's, the American Accounting Association, and the Association of Government Accountants. He has lectured and written extensively on a variety of financial accounting issues.

President's Message



William J. Anderson, Jr., CGFM, President

This month I want to highlight AGA's multi-year recruitment campaign, "20,000 by 2000." AGA celebrates its 50th anniversary in the year 2000, and it has set a goal of having 20,000 members to coincide with that historic milestone.

Over the past several years, the Washington Chapter has accounted for between 9.2 and 9.8 percent of AGA's total membership, which at the beginning of its 1997-98 membership year was a little over 15,000 members. From 1993 to 1995, our Chapter's membership numbers hovered at around the 1,100 mark. In 1996, Chapter membership increased to about 1,300, and in 1997, another increase brought us to almost 1,500 members.

These are, indeed, strong and substantial numbers, as we have a continuous influx of bright, ambitious, and dedicated people, whom we welcome with earnest. But, despite a lot of hard work and creative ideas, we have lost a number of talented people, whose departure will be missed and may have been unnecessary and avoidable.

"2,000 by 2000"

My goal is for the Chapter's membership to reach 2,000 over the next three years—a net increase of 500 members—and thus, to continue to represent at least 10 percent of AGA's total membership at any given time. This is not an overly ambitious goal. Simply put, considering our past efforts and with your continuing support of our recruitment and retention campaigns, I know we can achieve and far exceed this goal.

To help stimulate membership growth, your team of Chapter officers and directors is committed to programs that appeal to the diverse interests of financial management professionals. As I stated in my September message, your team has plans underway for outstanding monthly meetings, exceptional continuing professional education opportunities, and rewarding community service activities, as well as plans for several occasions for members and their guests to socialize. These events draw both members and nonmembers and demonstrate to them the benefits of belonging to AGA's Washington Chapter. This increases the chances of a member's active participation in our Chapter activities and AGA national activities, and it decreases the likelihood of their AGA membership lapsing. In addition, the possibility escalates considerably for nonmembers to become interested in joining AGA's Washington Chapter.

Another important way to muster additional interest in AGA is by intensifying our present efforts to recruit and retain members. The Membership Committee, under the leadership of Mike Noble, has a number of initiatives planned or underway in a range of areas.

Further, I believe there is a need to gain a much fuller and sharper understanding of potential membership demographics—that is, identifying pockets of greater opportunity, so to speak. It is most convenient for us to target for membership those within our immediate work places or with similar academic and professional backgrounds. While we do an excellent job of this, it could eventually lead to our Chapter reaching the saturation point of potential membership candidates and to its growth stagnating.

Accordingly, we must reach for greater membership diversity in our Chapter. As of May 1, 1997, the start of this membership year, almost two-thirds of our members were employed by the federal government and almost two-thirds were accountants or auditors. Thus, over the next three years, we need to strive for a rich mix of members representing many different facets of government financial management.

Overall, doing a first-class job of recruiting and retaining members is an absolute must for the Chapter and its members. The Membership Committee and your team of Chapter officers and directors plan to do their parts, and they have been challenged to each recruit at least five and three new members, respectively.

We welcome you to join us in working to accelerate the flow of new members and in encouraging present members to retain their AGA Washington Chapter affiliation. I challenge each of you to annually recruit at least one new member and

(Continued on next page)

(President's Message, continued)

to encourage those members who for some reason may be thinking about dropping out of AGA to retain their membership.

Today, AGA is the preeminent government financial management organization, but it requires exceptional diligence to stay #1. I am confident that with the outstanding financial management professionals that comprise our membership, we will remain on top.

Bill

Highlights of the August 20 Executive Council Meeting

By Judy Czarsty, Secretary

- Roger VonElm, Director of Community Service, reported that many events are scheduled this year. We will increase our involvement with Central Union Mission and Roger noted that the Mission has a need for assistance in computer training. The Chapter is also soliciting contributions to the Wayne Gragg family, in honor of the former President-Elect of the Central Kentucky chapter. The chapter will also purchase three \$500 savings bonds for Mr. Gragg's three children.
- Mike Noble, Director of Membership, reported many social events are scheduled for the coming year. On September 11th will be our first reception/happy hour event at the J. W. Marriott. On September 20th is an outing to Camden Yards for an Orioles game. Oktoberfest will be celebrated on October 18th at Blob's Park in Jessup, MD. Our Chapter Holiday Party will be held on December 11th. Other exciting events such as a Jazz brunch, Chinese New Years' celebration, and St. Patrick's Day celebration are also planned for 1998.
- President Anderson, at a recent Membership Committee meeting challenged each committee member to recruit at least five new members this year. At today's meeting he also challenged the officers and directors to recruit at least three new members each this year.
- The Chapter has earned 3,530 points in the Chapter Recognition Program as of July 1997.

Community Service Corner

by Roger VonElm, Community Outreach

This month, we want to give our members some specific activities of the Central Union Mission so AGA can help with their needs and events. But first, a hearty thank you goes out to all those members who contributed to the Wayne Gragg Fund. As we mentioned last month, the Chapter will match all donations in addition to the three \$500 US savings bonds which will be purchased for his children.

The Central Union Mission is a multi-denominational non-profit agency which provides meals, clothing, and shelter to men and women here in the District of Columbia. The Mission recently received new computers in their administrative offices but desperately needs assistance in coordinating a needs assessment and a systems plan to determine how to use this equipment properly and determine their software needs for the future. The Mission has also formed a search committee for a new executive director.

The Mission also sponsors a Christmas Bag program each fall whereby donors purchase and wrap clothing and one toy for a needy child. The Mission provides the first name and sizes for each child to the donor.

If you still wish to contribute to the Wayne Gragg Fund or are interested in the opportunities with the Central Union Mission, please contact Roger Von Elm at (202) 296-2020. And don't forget to let us know about your involvement in other outreach activities.

Join Us at a Reception/Happy Hour

**Where: J.W. Marriott Hotel
Garden Terrace
1331 Pennsylvania Avenue, NW**

**When: October 2nd
from 5:00 to 7:00 pm**

Mailing the entire newsletter to our membership is expensive. If you were able to receive the newsletter electronically complete with photos and graphics would you be interested in receiving the newsletter this way instead of a printed copy through the mail? Please let us know your thoughts by email to rbuchanan@anteon.com or michael.sciortino@us.coopers.com

Summary of Luncheon Speaker's Remarks: Federal Budget Update

by Edward E. Baxter, Assistant Editor

This summer the President and Congress reached a "Balanced Budget Agreement." Did this solve the deficit problem? Is there more left to do? These are the issues addressed by Susan J. Irving, Associate Director for Federal Budget Issues at the U.S. General Accounting Office. Irving kicked off the program year by providing her unique perspective on the federal budget—its evolution and outlook for the future.



Susan Irving presenting her views on the federal budget process at the program year kickoff luncheon.

Irving noted that, historically, the deficit as a share of Gross National Product (GNP) has been remarkably stable—back to 1795. "If you look at history, the argument that 'there's always been a deficit' is not correct. The norm of balance is fairly strong and long-lasting," said Irving. At least until the last third of this century, the deficit grew during wars and recessions and shrank after them.

A picture of deficits between 1980 and 1997 would show great fluctuation. In 1981 domestic spending was cut, defense spending was increased, and taxes were cut. Since the cuts in domestic spending were not enough to offset the combined increases in defense spending and tax cuts, the deficit increased. During the mid-1980s Congress and the President began a series of deficit reduction efforts. Unfortunately, the deficit reduction efforts of 1990 were heavily offset by the following recession. Recently the combination of policy actions to reduce the deficit and a healthy economy has led to dramatic reductions in the deficit.

Why does the deficit matter? The deficit is a form of dissaving—it is negative savings. It absorbs sav-

ings from elsewhere in the economy. Savings represent money available for investment which in turn drives economic growth. Economic growth makes everything easier. Americans traditionally have a low savings rate, Irving said, "and we know very little about how to increase savings. But we do know that we could reduce the government's dissaving."

Irving also used several "pie charts" to show the composition of federal revenues and federal outlays. Almost half of all federal revenue comes from individual income taxes. However, the share of revenue from social insurance taxes (payroll taxes) has doubled in the last 35 years. This shift in revenues is reflected in a shift in the composition of outlays—in 1990, social security and Medicare accounted for one-third of all federal outlays.

Over the last several years defense spending has fallen—in part due to the end of the cold war. What is called discretionary spending—the spending that goes through the appropriations committees—has been restrained by fixed-dollar limits. The growth in recent years and in the future is what are called "entitlements." Entitlements are programs for which spending is controlled by the definition of eligibility and the benefit or reimbursement formula—social security and Medicare are the biggest examples. Controlling the spending on these programs would require changes in the design of the programs; it cannot be done by a limit on appropriations.

(Continued, next page)

(Speaker's Remarks, continued)

The Balanced Budget Agreement of 1997 projects reaching budget balance in 2002. In the agreement, discretionary programs are essentially frozen. This means a cut in real resources of approximately 20% in 2002. Discretionary programs were divided into "priority" and "nonpriority" programs with nonpriority programs being cut more. These are very tight limits, Irving noted. She went on to suggest that the tightness of the limits might prompt a debate over the role of government—that instead of cutting everything, Congress and the President might decide to have government pull out of some areas and devote the resources to other areas.

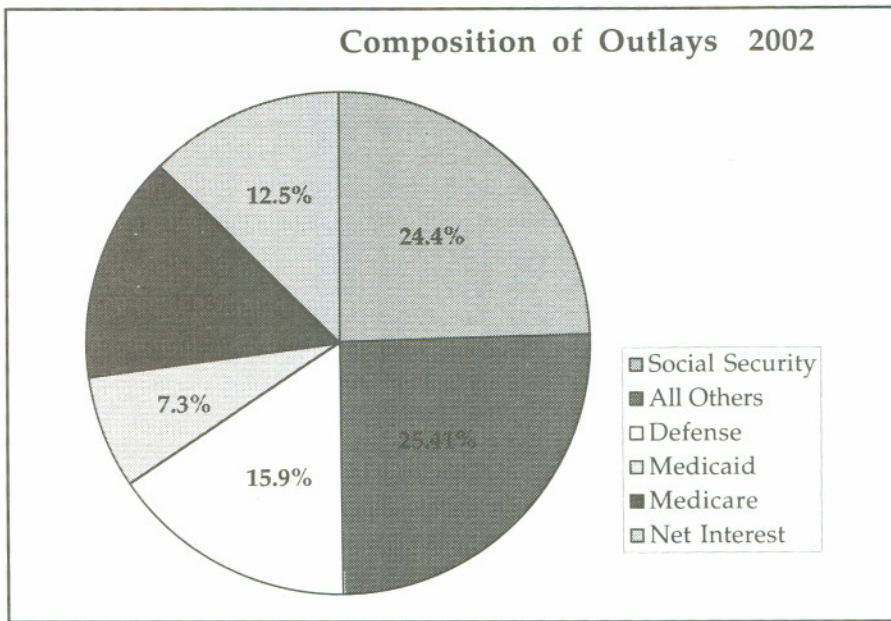


Figure 1. Composition of Federal Outlays, 2002

Figure 1 depicts the composition of federal outlays in 2002 under the assumptions of the Balanced Budget Agreement. Entitlements continue to dominate the budget.

Turning to the entitlements portion of the budget, Irving made several points. Independent of its role in the budget, social security has its own financing problem. Right now social security is running a surplus—that is, it takes in more in payroll taxes than it pays out in benefits. This will no longer be true in 2012 that your benefits will exceed revenues and social se-

curity will begin to draw down its surplus. "Remember," Irving said, "social security is not an insurance program in the traditional sense. It is a pay-as-you-go system in which one generation pays for the previous generation's

benefits. That has not been such a big problem when each generation is larger than the one before it, but it will be a problem when the baby boom retires." This is a problem that should be addressed soon. Waiting until it hits will make any solution harder.

Another major spending driver is health. Health costs are growing faster than the economy. As a result, federal health care spending grows as a share of GDP and as a share of total federal spending. Finally, as the deficit begins to rise again, net interest on the debt becomes another driver in the long-term picture.

"Social security is not an insurance program in the traditional sense. It is a pay-as-you-go system in which one generation pays for the previous generation's benefits. This has not been such a big problem when each generation is larger than the one before it. But it will be a problem when the baby boom retires"

Susan J. Irving

Although the Balanced Budget Agreement did improve the outlook, the combination of social security and health care spending—plus the growth of interest on the debt—means that the long-term problem remains. Further

action will be necessary to prevent the deficit from jumping back up.

**Next month: David Mosso, FASAB
Chairman**

Membership '98

By Mike Noble, Membership Director

2,000 by 2000

By now, most of you have received your September 1997 issue of Topics, the AGA national newsletter, and noticed the headline article on the "Member-Get-A-Member Recruitment Campaign". This is part of a multiyear recruitment effort by AGA, called "20,000 by 2000", to achieve a membership level of 20,000 for AGA's 50th anniversary celebration in the year 2000. The Washington Chapter, as one of the largest chapters, has as its goal "2,000 by 2000", or 10% of the national total. Chapter President Bill Anderson discusses this effort in detail in the "President's Message". With almost 1500 members, this is an ambitious goal for our chapter, but one that is easily attained if every member recruits just **one** new member sometime during the next three years! Make this your personal goal!!

Advantages of Continued Membership in AGA

Our membership efforts are also focusing on meeting the needs of you, the existing members, and keeping you in the fold. AGA will continue to offer you excellent opportunities for certification via the Certified Government Financial Manager (CGFM) program; Continuing Professional Education (CPE) credits; current financial management information (the latest from FASAB, GASB, OMB and others); access to government financial management expertise, including many speakers who are key financial figures in Federal, state and local governments and government consultants; networking opportunities; and discounts on AGA conferences, seminars and workshops. We will soon be distributing a questionnaire to ask for your feedback on what we can do to better serve you. Please respond -- we will read each one and are interested in your comments and suggestions.

Social Events

The social calendar is also starting to fill up and we're encouraged by the positive response we've been getting to the events. "Happy Hour" get-togethers are scheduled each month, 5:00 to 7:00 PM, on the same day as the monthly luncheon. If you can't make the luncheon, you can still network with your AGA colleagues at these informal gatherings. The next event, the Oktoberfest on October 18, is open to everyone -- tickets are not required. See details below. Other than the "Happy Hour", there will not be a social event in November due to the two holiday weekends. In December, you are all invited to the Holiday Party and Toys-for-Tots Drive on December 11 at the Grand Hyatt Hotel. There is no charge to members for the Holiday Party, but the price of admission will be a toy!

Retired Membership Status

Are you aware that AGA has a Retired membership category? If you are a retiree or are planning to retire soon, you can save money on annual dues. Retired member dues are only \$21.50 per year (\$14 National and \$7.50 Chapter). In order to be eligible, you must meet the following qualifications:

1. For five consecutive years immediately prior to applying for Retired membership status, you must have been a Full member in good standing.
2. You must be truly retired -- not gainfully employed.
3. You must sign an annual statement indicating retired (not gainfully employed) status.

For more information on the Retired member status, please see me at the monthly luncheon, or call me at 202-275-5179, or e-mail me at miken@erols.com, or, if all else fails, call the National Office Membership Department at 1-800-AGA-7211.

Saturday, October 18

Dinner 7:00 pm to 9:00 pm

Dancing 9:00 pm to 1:00 am (Polkas, waltzes, etc.) Music by the Rheinlanders

Blob's Park in Jessup, Maryland, (just off the B-W Parkway) is justly famous for its Oktoberfest celebrations—good band, good German food, and beer! The buffet dinner will include roast beef, sauerbraten, bratwurst, roast pork, chicken, lasagna, meatballs, and ham—plus great desserts! The price will be \$25 per person, including open bar for beer, wine, and sodas. There is no limit on the number of people and no advance payment required. Call the AGA voice mail at (703) 758-4080 to register, or sign up at the September or October luncheons, so that we will have an idea of how many people will attend.

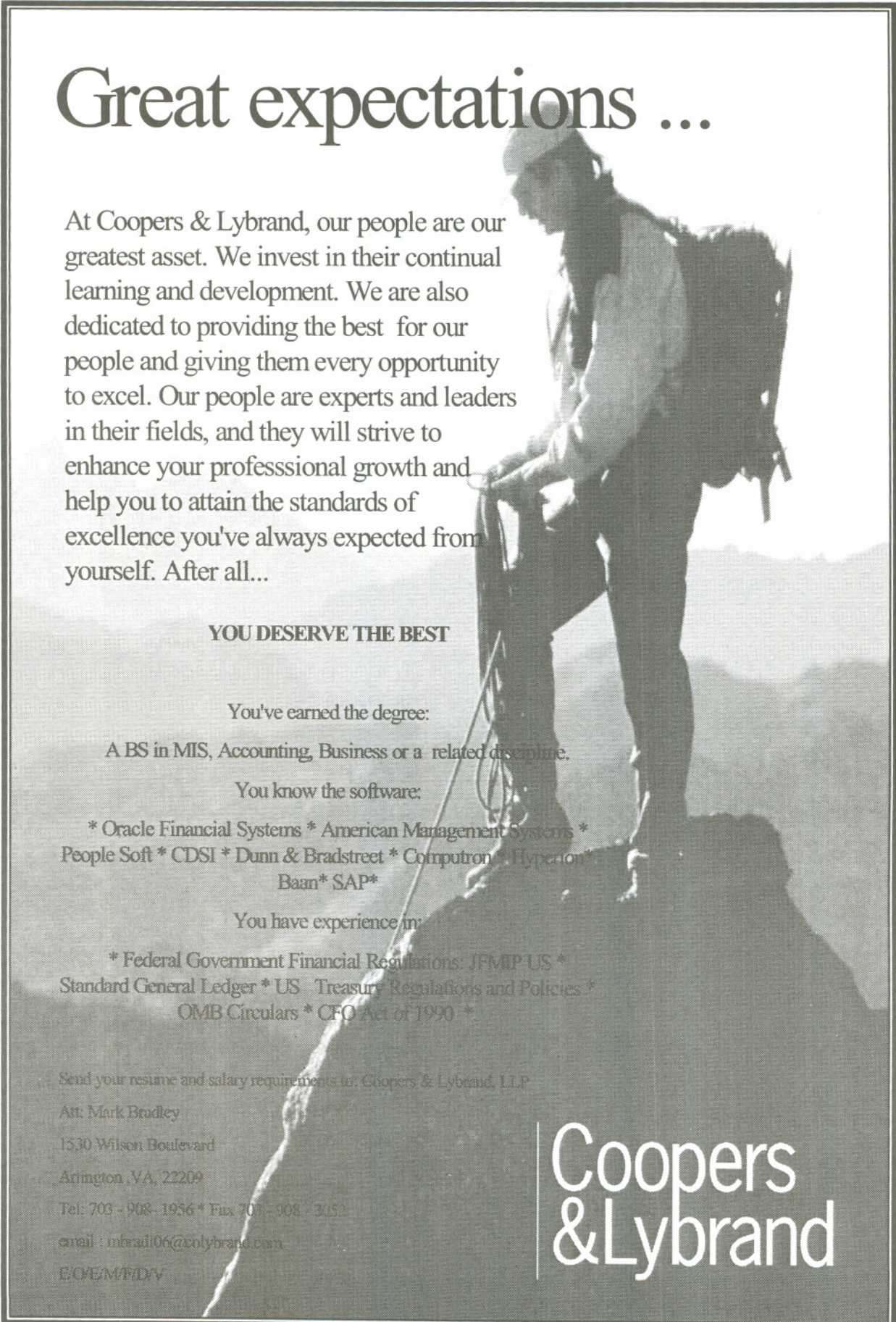
Member News

James P. Wesberry, Jr., CGFM resigned for the World Bank on August 1 to take a new position at Casals & Associates as Technical Director of the USAID Accountability/Anti-Corruption Project for Latin America and the Caribbean. Wesberry serves on AGA's International Development and Journal Editorial Committees.

Charles A. Bowsher completed his 15-year term as comptroller general of the United States and has taken a position with the Public Oversight Board based in Stamford, Connecticut. The Board oversees the self-regulatory programs of the SEC practice section of the American Institute of CPAs division for CPA firms.

Our second **Toys-for-Tots** campaign will be held in conjunction with the December 11, 1997 Holiday Party. Get in the holiday spirit and plan to donate a new toy for this worthy cause. We will provide more information next month. Contact Marcia Caplan at (202) 565-8938 for more details.

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Do you know how to implement activity-based cost management enterprise-wide?...

Are you ready to be a more effective and productive manager?...

Have you taken steps to implement legislatively mandated cost accounting and GPRA requirements?...

Do you know the full cost of doing business?...

Grant Thornton LLP and Armstrong Laing, Inc. have a Seminar for You!



To help you address today's challenges related to implementing Activity-Based Cost Management (ABC/M) and the Results Act, Grant Thornton and Armstrong Laing will host a free breakfast seminar designed for managers and executives. The seminar is intended to focus on solutions that will:

When:
Wednesday, October 15
8:00am - 12:00pm

- Increase cost awareness
- Facilitate implementation of FASAB Managerial Cost Accounting Standards and GPRA
- Help you understand how to use an ABC tool, **HyperABC**, to implement ABC/M.

Where:
Washington Court Hotel
525 New Jersey Ave., NW
Washington, DC

Grant Thornton is a national accounting and management consulting firm dedicated to helping clients change in ways that will produce long-lasting advantages—not just short-term fixes.

Registration:
Dianne Neill
703/847-7619 (tel)
DNeill@GT.com (e-mail)

Armstrong Laing is the developer of **HyperABC**, one of the leading and most powerful and flexible ABC software packages available today.

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FREE Seminar on Activity-Based Cost Management: A Tool for Implementing GPRA

Advertisements

The Washington Connection accepts advertisements that would be appropriate for our membership, i.e., ads which relate to the financial management profession and which do not conflict with the Association's goals and objectives. Advertisement prices are:

- full page (7" x 9" ad on 8 " x 11" page) \$300.00
- half page \$150.00
- quarter page \$75.00

All prices are for one printing in one issue. Advertisement copy may be provided on disk or by fax. Camera ready copy should be provided for most logos and other graphics. If you are interested in advertising in *The Washington Connection*, contact Bob Buchanan or Michael Sciortino by phone or email as listed below:

Bob Buchanan
Phone: (703) 246-0298
Email: rbuchanan@anteon.com

Michael Sciortino
Phone: (703) 908-2291
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Financial Management Web Pages:

AICPA:	www.aicpa.org
American Accounting Association:	www.rutgers.edu/accounting/raw/aaa
FASB:	www.rutgers.edu:80/accounting/raw/internet
IGNET:	www.sbaonline.sba.gov/ignet
Federal Tax Code Search:	www.tns.lcs.mit.edu:80
Fedworld:	www.fedworld.gov/uscode
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GFOA:	www.financenet.gov/gfoa
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IRS Digital Daily:	www.irs.ustreas.gov/prod
Lib. of Congress:	lcweb.loc.gov/homepage
OMB:	www.qns.com/~ombokc/intro.htm
SEC:	www.sec.gov
Thomas Legislative Search:	thomas.loc.gov

If you know of an additional web site that is useful to financial management professionals, please let us know the address so that we may pass the information on to the membership.

Savings Bonds—They Are Not Just for Children Anymore

By Beth Serepca and Maurice Moody

It is easy to dismiss savings bonds as a good investment for the future. However, starting on May 1, 1997, the Department of the Treasury took steps to make savings bonds a more attractive and better investment vehicle for both children and adults. The Department of the Treasury announced it will calculate series EE Bond interest in three new ways.

First, Series EE Bonds bought on or after May 1, 1997, will earn interest based on market yields for 5-year Treasury securities. The new rate for EE Bonds will be 90 percent of the average Treasury security yields, rather than the 85 percent previously paid. Second, the Series EE Bond market rate will be a long-term rate instead of the current combination of short-term and long-term rates. Third, EE Bonds will now increase in value every month. Previous accruals were semiannual, and you forfeited the earnings for a six-month period if you redeemed the bonds early. While interest will accrue each month, Treasury will set the rate every six months. Each May 1 and November 1, the Department of the Treasury will announce the rates that apply for the next six months. The bonds will earn interest for 30 years.

There are also tax advantages to owning Series EE Bonds. They are a good investment because the interest is exempt from State and local income taxes. Additionally, the Federal income tax can be deferred until the bonds are redeemed, or at the end of their 30-year earning life. Series EE Bonds will offer special tax benefits for education savings. If you qualify, you can exclude all or part of the interest earned on Series EE Bonds from your income when the bonds are redeemed to pay for post-secondary tuition and fees.

Treasury sells Series EE Bonds at half their face value in denominations ranging from \$50 to \$10,000. They are a very liquid investment. You can cash them any time after six months from the original purchase. Moreover, Series EE Bonds are one of the safest investments you can make because they are backed by the full faith and credit of the U.S. Government.

The Department of the Treasury is continuously providing information on savings bonds to encourage them as a vehicle for savings. For example, the Bureau of the Public Debt's Internet Home Page (<http://www.publicdebt.treas.gov>) Savings Bond Wizard provides an on-line service that helps you keep track of your savings bonds and value your portfolio. Savings bonds are not the most thrilling of investments, but they are worth considering.

Getting Help To Teach Children The Financial Facts Of Life. Parents who find it difficult to discuss money with their children can get help. A book called *Kids, Cash, Plastic and You* is designed to help teach children basic money management skills, such as ways to save, spend, budget, and invest. The 23-page book includes exercises such as drawing up a *Aneeds@A* versus a *Awants@* list. It is available free through the U.S. Consumer Information Center in Pueblo, Colorado. You can call (719) 948-4000 or look up the Web site under *Amoney@* at www.pueblo.gsa.gov.

Teach Your Children To Invest In Their Future

By Beth Serepca and Maurice Moody

There are a number of investment opportunities available to our children. Some are safe, but their poor earnings do not return much more than the principal when adjusted for inflation. On the other hand, the high yield investment opportunities may carry the greatest risks.

A dividend reinvestment plan is one good way to start a child towards building an investment portfolio. Many of the firms with dividend reinvestment plans are large well-known companies that are familiar to most children. Several of these companies require the purchase of the original shares through a broker. Subsequent purchases can be bought through the company directly, without using the services of a broker. There are a number of companies with dividend reinvestment plans, however, that allow investors to buy the original shares from the company.

Some of the companies with dividend reinvestment plans that are directly attractive to children include: Coca-Cola, Hershey Foods, PepsiCo, and Wrigley. Before making any decisions, you and your child should ask the logical questions about minimum requirements for setting up a dividend reinvestment plan. There are a number of companies that have minimum purchase requirements. Examples of these include IBM, Mattel, McDonalds, Mobil, J.C. Penney, and Wal Mart. The minimum purchase amounts for these companies range from \$250 to \$1,000.

Stock mutual funds may be a better choice if the child is not interested in owning and monitoring individual stocks. Fortunately, there are several funds that cater to children's investment needs and interest. One fund worth looking at is the Stein Rose Young Investor Fund. This fund is a large capital fund that holds securities of corporations whose names and products are easily recognizable by children.

Our purpose is not to promote or endorse a particular company or product. Instead, we are encouraging you to share your investing skills with your child in way that is interesting and profitable. By making their investment experience positive, our sons and daughters can enjoy the lessons of researching potential investments, learning how to read and interpret stock market information, and understanding the difference between short-term fluctuations and long-term growth. Additionally, these early lessons may pay big dividends to the teacher by avoiding the financial burden of adult children living in your basement.

**Association of Government Accountants
Washington, D.C. Chapter
Upcoming Speakers List for 1997/1998 Program Year**

**Grand Hyatt Hotel
1000 H Street, NW**

<u>Date</u>	<u>Speaker</u>	<u>Planned Topic</u>
October 2	David Mosso Chairman, FASAB	The Standards are Done - What's Next?
November 6	Alice Maroni Principal Deputy Under Secretary (Comptroller) Office of the Secretary of Defense	Key Issues for Defense Finance and Accounting
December 4	Open	
January 8, 1998	Frank Sullivan Deputy Assistant Secretary/FM Department of Veteran Affairs	Implementing Managerial Cost Accounting
February 5	Open for Key Current Issue	
March 5 (Regional Chapter Luncheon Meeting)	Doug Haywood AGA National President	Where Does AGA Stand on Today's Big Financial Management Issues?
April 2	Gene Dodaro Assistant Comptroller General, GAO	Government Wide Financial State- ment Audit
April 23 (Evening Meeting)	Open for Key Current Issue	
May 7	Chapter Awards Luncheon	

**** See facing page for educational events, community service,
and membership activities ****

Updated lists will be published as events are firmed up

Educational Events

<u>Date</u>	<u>Topic</u>	<u>Location</u>
November 18, 1997	Preparing Your Agency for the Implementation of Managerial Cost Accounting (contact Virginia Murphy at (703) 741-1738 for details)	J.W. Marriott
December 4, 1997	CPE Session (following the luncheon meeting)	Grand Hyatt
February 1998	Government Performance and Results Act	TBA
March 5, 1998	CGFM Overview and Self-Assessment	Grand Hyatt
April or May 1998	Developing and Implementing Financial Systems	George Washington University

Community Service Activities

<u>Month</u>	<u>Activity</u>
December 11, 1997	Toy-for-Tots
Tax season	Volunteer Income Tax Assistance (VITA)
April 1998	Career Awareness Day
Spring 1998	Small Business Symposium
May 1998	Public Service Recognition Week
TBA	Assisting Central Union Mission

Membership Activities

<u>Date</u>	<u>Activity</u>	<u>Location</u>
Evening of Each Luncheon Meeting Date	Happy Hour	J.W. Marriott
October 18, 1997	Oktoberfest	Blob's Park
December 11, 1997	Holiday Party	Grand Hyatt
January 11, 1998	Jazz Brunch	Market Inn
February 1998	Chinese New Year Celebration	TBA

Joining Forces to Achieve Common Audit Goals

By Ray Wessmiller, CISA, CGFM

By sharing their work experiences, auditors can save audit resources and provide better service to their clients. This article examines one case, in particular, where multiple audits of the same system are likely to be occurring and discusses several ways auditors can share information and thus, build on each others work.

Recently, I learned that a fellow auditor at the Department of the Treasury's Office of Inspector General was reviewing the Federal Financial System (FFS), an off-the-shelf financial management system designed specifically for federal agencies to integrate budget and accounting information. Since I had performed an audit of FFS at the Department of Interior, I thought it might be helpful to share with him my experiences and the lessons I learned. We discovered that our observations about FFS were remarkably similar.

We then decided to determine how many other federal agencies use FFS, and were surprised to learned that since 1988, 40 federal agencies have installed the system. These agencies include the Departments of Agriculture, Transportation, Veterans Affairs, Interior, State, and Housing and Urban Development, as well as the Environmental Protection Agency and the Securities and Exchange Commission. Within these agencies, there are at least 20 different audit offices, such as offices of inspector general, that may be auditing essentially the same system.

We found from the FFS vendor that many aspects of FFS are fully standardized and that the parts of the system that would be of most interest to auditors are the same regardless of the implementing agency. Essentially unchanged, for example, would be the general ledger posting logic, the format of the journals maintained by the system, the accounting code structure supported by the software, the funds control logic, and the reports generated by the baseline system.

Although some agencies have modified FFS, most of the modifications have not altered the system's core accounting logic. Typical agency modifications to FFS would have included, for instance, changes to the screen labels of data entry fields, additional validation and relational edits applied on input, customized reports, interfaces to other agency systems, and extensions to capabilities provided within the baseline software.

As a result, audit teams at several different agencies are in all likelihood reviewing comparable aspects of the same basic system for compliance with a myriad of

governmentwide financial management systems requirements. This offers opportunities for auditors to benefit from the lessons learned by those who have already reviewed aspects of the system and to streamline audit planning, documenting, analyzing, testing, and verifying efforts.

For example, these aspects might include determining how to access FFS data, sampling transactions, tracing transactions through the system, auditing specific general ledger accounts, and interpreting system reports as well as data values. Auditors could also share information about how various FFS tables relate to each other. Further, it is likely that auditors at one agency may have developed specific tools or techniques for auditing FFS that could be useful to other agencies' auditors for testing the system.

Drawing on the FFS situation, I offer the following suggestions for sharing information and experiences:

- Identifying opportunities to share. Every financial system related audit should begin with the question: Have other auditors reviewed the system and what have they learned? Audit Managers should encourage this approach and allow time to research and respond to this question.
- Using the Internet. The Internet provides easy-to-use facilities, such as the IGNet and list servers, for auditors to readily exchange information. Managers should promote and reward greater use of this modern technology for planning and carrying out audit work.
- Forming users' groups. Users' groups can be formed to disseminate information to achieve common audit goals. For example, a users' group was established to explore innovative ways to use IDEA, an off-the-shelf computer-assisted audit tool, and to develop a core training program to accommodate the general needs of all IDEA users. An opportunity also exists to form an audit task force, or sub-group, within the governmentwide FFS User Group, which was also established several years ago.
- Sharing resources. Some audit organizations have purchased expensive hardware, such as a tape reader—a device used to copy mainframe files from cartridges onto the hard drive of a microcomputer.

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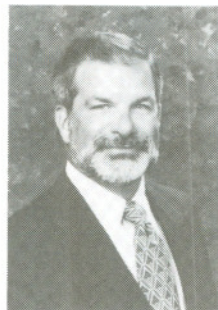
Making these and other similar devices available for use by auditors from other federal organizations may be possible and should be explored.

- Participating in professional associations. Becoming active in associations, such as the Association of Government Accountants and the Information Systems Audit and Control Association, is an excellent way of learning what others are doing and sharing your own experiences with those in your specialized career field.

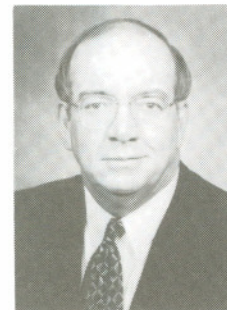
By adopting these suggestions, federal auditors can join forces to achieve common audit goals. This could help pave the way toward more efficient and effective audits and greater service to the American taxpayers and the Congress.

The opinions expressed in this article are personal and do not necessarily reflect those of GAO. Many thanks to Steve Kidd, Senior Principal, AMS, and Mike Stein, Auditor, Department of the Treasury, for their assistance in preparing this article. If you wish to comment, please send me an e-mail at: wessmillerr.aimd@gao.gov.

September CPE Session: "Public Dollars, Common Sense"



Morgan Kinghorn, Jr.



Andrew West

Following the September monthly luncheon meeting the Chapter sponsored a CPE session that featured Morgan Kinghorn, Jr. and Andrew West of Coopers & Lybrand's Government Consulting Practice in McLean, Virginia. Morgan and Andrew lead a discussion of the legislative mandates for federal financial and performance management reform, including the Chief Financial Officers Act of 1990, the Government Performance and Results Act of 1993, and the Federal Financial Management Improvement Act of 1996.

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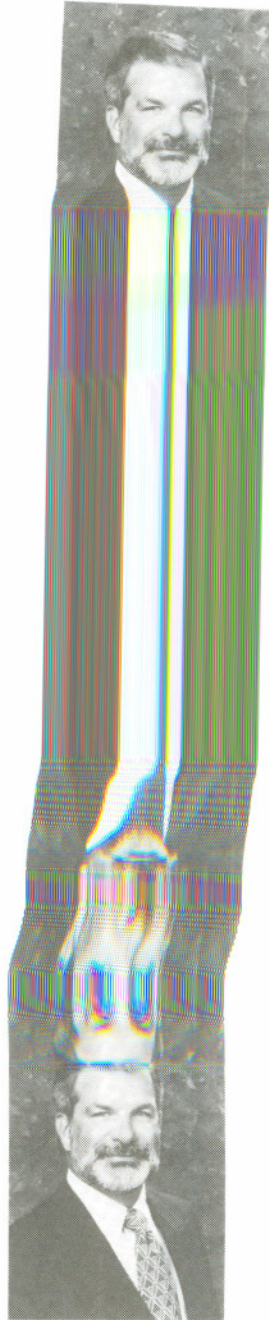
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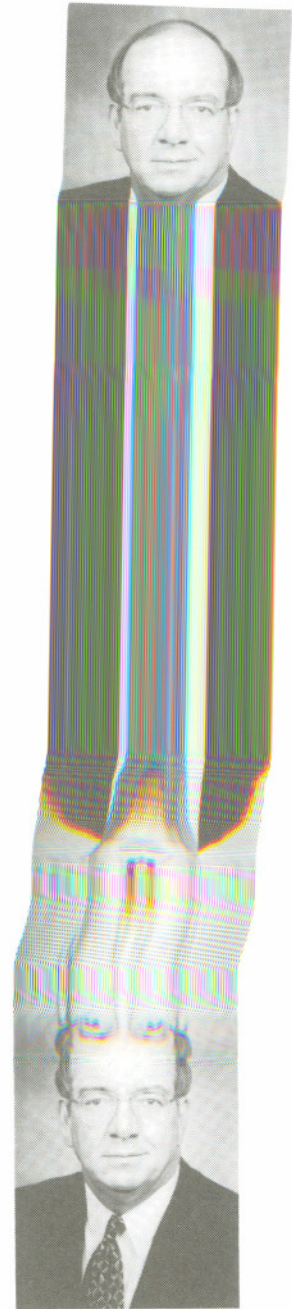
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