

FGAA



WASHINGTON CHAPTER

July, 1973

NEWS BULLETIN

SUMMER SEMINAR — WEDNESDAY, JULY 25, 9 AM - 4 PM

MAIN AUDITORIUM
CIVIL SERVICE COMMISSION
19th & E Streets, N.W.

*GAO's Accounting System
Approval Function:
ADP Viewpoint*



Seminar Leader:

Dr. Earl M. Wysong, Jr., CPA
U.S. General Accounting Office

Earl M. Wysong, Jr., is Assistant Director for Financial Management (ADP), Financial and General Management Studies Division, U.S. General Accounting Office (GAO). In this position he is responsible for the review and approval of the automatic data processing aspects of Federal agencies' financial management systems.

Mr. Wysong has been with GAO since August 1962. Prior to that, he was a pilot in the Air Force. He also worked for Eastern Air Lines as an accountant. For two years, he was on loan to the Civil Service Commission where he participated in the development and instruction of the ADP course for auditors.

Mr. Wysong received his doctor's and master's degrees from The George Washington University and his undergraduate degree from Eastern Washington State College. He is also a C.P.A. (Maryland).

Mr. Wysong has taught accounting and ADP courses at the University of Maryland, The George Washington University, American University and the University of California.

He is a frequent contributor to professional journals and is listed in *Who's Who in Computers and Data Processing*. Mr. Wysong is a member of the Washington Chapter of FGAA and several other professional organizations.

(For more details, see pp. 3, 4, & 8)

Nonmembers Welcome — No Charge — Preregistration Required

Washington Chapter Meeting Dates:

Sept. 13—Oct. 11—Nov. 8—Dec. 13—Jan. 10—Feb. 14—Mar. 14—Apr. 11—May 9



Gerald Murphy

Treasurer — Bureau of Accounts
 Director, Government
 Financial Operations
 WO 4-5594 (184X5594)

President's Message

Another year has passed and election ballots have been counted. I hope yours was among them. The officers and directors selected for FY 1974 are as follows:

President-Elect	Francis X. LaCava	Treasury	964-4451
Vice President and Chairman of Finance Committee	Audrey B. Dysland	Treasury	964-4645
Secretary	Esther C. Kiel	NSF	632-4019
Treasurer	James L. Daigle	SEC	755-1314
<i>Directors:</i>			
Meetings Committee	Kent Crowther	HUD	755-6310
Programs Committee	Joseph J. Donlon	GAO	697-0818
OMBE Training	Perry Duncan	DOT	426-1306
Employment Clearing House	Myer Gabbay	Commerce	967-4407
Editorial Committee	Fred D. Layton	GAO	386-5617
Education Committee	Waldron J. O'Brien	CSC	632-7647
Membership Committee	Sam Pines	GAO	386-3027
Publicity Committee	Bertram H. Rosen	JFMIP	386-5630
Research Committee	Michael Simon	Arthur Andersen	298-7950
Bylaws Committee	Sus Uyeda	OMB	395-3144

The Washington Chapter is especially fortunate in having among its membership so many leaders in the financial management community. I appreciate the opportunity to be associated with the capable men and women you have selected as officers and directors. Together we will strive to uphold the chapter's reputation for accomplishment and to contribute in a positive manner to the achievement of Association objectives. We pledge our best efforts. In return, we ask for your support, your active participation and your suggestions.

Surpassing recent accomplishments will not be easy. Two years ago under President Pujol we had the "Flexible Administration." This past year the theme was "Bald is Beautiful" and President Cooley did a truly outstanding job in every respect. Next year the theme will be "Do more in 74." More for members, especially.

If you want to become active and serve on a committee, fill out the committee preference form in this issue and mail it in or call any of the officers or directors. Plan to attend the luncheon meetings by marking your calendar now—second Thursday of every month, September through May—and watch your news bulletin for information on a reduced luncheon price for FGAA members. The speakers will be top officials and some behind the scene who have much to contribute.

If you're looking for training opportunities, several are planned. On July 25, there will be a one day seminar on "GAO's Accounting System Approval Function: ADP Viewpoint." It will be held in the CSC auditorium and the price is right. There will be *no charge* to you but preregistration is required. In the fall we hope to offer you an opportunity to sharpen your "oral presentation techniques." Monitor of the program will be Mr. Laurence E. Olewine, consultant and recognized authority on the subject of presentation techniques. And next spring we hope to sponsor a joint one day seminar with the Northern Virginia and Montgomery/Prince Georges Chapters. This would be a "first" for the Capitol Region. And if these don't meet your needs, call the Education Committee and tell them what you need. Walt O'Brien, the Chairman, can tell you what CSC and other Government agencies offer and will be developing a list of all financial management courses offered at local universities—many of which are taught by our own members!

Next year the National Symposium will be in Dallas and I hope many of you will be able to go. Miami Beach and Philadelphia are the sites for 1975 and 1976. The Capitol Region will sponsor the 1977 symposium here in Washington.

Are you interested in contract management? Don Fisher will chair a new Contract Management Committee next year. Walter O'Neil, immediate past president of the National Contract Management Association and a recent addition to the Washington Chapter, will serve as Special Advisor to the Committee.

If you support the profession through your dues but time does not permit your active participation or attendance at many meetings, we will try to keep you informed and involved through the News Bulletin and other publications. If we can serve you better, let us know.

Have a happy and safe summer. See you on July 25 or September 13.

The Speakers for Our Summer Seminar on *GAO's Accounting Systems Approval Function: ADP Viewpoint*

Dr. Earl M. Wysong, Jr., CPA

*Assistant Director for Financial Management
(ADP), Division of Financial and General
Management Studies, U.S. General Accounting Office*

The main objective of GAO in working with agencies on their automated financial management systems is to improve financial management in the Government through better and more responsive systems. GAO believes that an accounting system should be designed with the primary objective of providing useful information for management. If this goal is achieved, GAO approval should easily follow.

From the ADP viewpoint, GAO's primary interest in the approval function revolves around the network of system controls and audit trails. Dr. Wysong will discuss this interest. His discussion will cover GAO's ADP system and documentation requirements to include the types of documentation needed and why, as well as the philosophy behind these requirements. His discussion will cover the review methodology used by GAO including the types of controls expected in different kinds of systems and where these controls are expected to be found.



Mr. James P. Oliver

*Assistant Director for
Financial Management
Division of Financial and
General Management Studies
U.S. General Accounting Office*

Mr. Oliver will deal with the current GAO review process and how it has evolved. He will focus on these areas:

- Requirements of Budget and Accounting Procedures Act of 1950 and GAO's approach to carrying out.
- Documentation requirements of agency design packages — minimizing need for new documentation.
- Cross-referencing between Title 2 and design packages — use of review guides.



Mr. Irvin D. Coker

*Deputy Assistant Secretary, Finance
Department of Health, Education,
and Welfare*

Mr. Coker will discuss the experiences HEW has had in dealing with GAO for approval of its systems. Specifically, the successful approach taken in approving the Office of the Secretary system will be discussed. Mr. Coker will point out the advantages to both the agency and GAO of the informal review process prior to formal submission by the agency. He will discuss also the communications gap between ADP analysts and system users.



Mr. John K. Scott

*Director, Finance and Operations Division
Directorate for Accounting Policy
Office of Assistant Secretary of
Defense (Comptroller)*

The discussion of DOD's experience with ADP systems approval should help smooth the way for future system submissions by DOD and by other agencies. The DOD has found that a prerequisite to system approval is the careful definition of accounting systems subject to approval. In a large agency, this is not a simple task since an accounting system defined with design documentation requirements in mind may not coincide with the conventional accounting entity. DOD advocates that a single project manager be assigned responsibility for planning and coordinating the assembly of system design documentation packages. In addition, DOD suggests that agency and GAO staffs can reach a mutual understanding of the requirements for system approval only when the GAO staff is consulted at early and interim stages in the design documentation process.



Mr. Ludovico R. Giordano, CPA

*Chief, Systems Development Division
Bureau of Retirement, Insurance,
and Occupational Health
U.S. Civil Service Commission*

The Civil Service Commission is in the early stage of design of a highly sophisticated automated system for the Bureau of Retirement, Insurance, and Occupational Health. It is anticipated that the system will employ some of the latest concepts in automation which will give rise to new problems in systems design. Mr. Giordano will discuss some of these problems, particularly problems in internal control associated with the latest concepts, and what he envisions the role of GAO to be in aiding the Commission to find solutions to these problems.



Mr. George M. Cate

*Principal Governmental Accountant
Booz, Allen, and Hamilton*

Key Points of George Cate's Presentation

- Importance of fundamentals in system design
- Role of the systems analyst in each stage of the design project
 - How the accountant and the systems analyst communicate with each other
 - System's documentation—what, when, and how

Participative Practicum in Presentation Techniques

At the recent FGAA Symposium, there were numerous references to developing a *complete* financial manager. In the June 1973 issue of *Government Executive*, Harvard's Robert N. Anthony states that (page 14) "Accountants are reluctant to realize their changing role." He then predicts that the word "accounting" may soon become obsolete as a descriptor, being replaced with "information" or "information systems." We will all have to hone our skills in the business of communication if we are to realize our full potential as accountants.

As part of the FGAA effort in continuing education, The Washington Chapter has arranged for Mr. Laurence Olewine to conduct a *Participative Practicum in Presentation Techniques* this fall. Mr. Olewine is a consultant and recognized authority on the subject. He has had considerable experience in conducting training programs both in this country and abroad. The *Practicum* will be highly individualized, with emphasis on participation. It will be a twenty-hour package addressing problems unique to the Federal accounting community, emphasizing information simplification.

The *Practicum* will definitely contribute to individual professional competence, and will spill over into many facets of your work. To maximize individual participation and interaction, classes will be limited in size. If you are interested in a guaranteed space, call Miss Malinda Heineking, 697-9868, who will be handling registration. She will reserve a place for you, and forward appropriate details as they are developed.

Further information, including the specific time and place, will be available in the next edition of the *News Bulletin*.

CSC Management Sciences Training Center Plans New Course

The Civil Service Commission's Management Sciences Training Center plans to add nine new courses to its curriculum in FY 1974 which should be of interest to Federal financial management officials. Following is a list of these courses:

Budgeting

Budget Execution

Accounting

Analysis and Interpretation of Private Sector Accounting Statements
Cost Accounting Principles for Government Contracts
Governmental Bookkeeping and Accounting II (Intermediate)

Contracting and Procurement

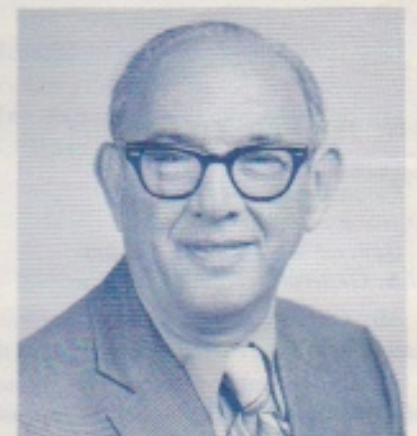
Construction Contracting
Government Contract Law
Government Property Administration
Developing Contract Work Specifications
Research and Development Contracting

Dates for each of these courses will be included in the course announcement which the Management Sciences Training Center sends to each agency approximately two months before the course is conducted. Additional information can be obtained by calling Ed Murphy, Director, Financial Management Training, at 632-5600.

ADP Committee Members Who Have Assisted in Planning for Summer Seminars



Michael J. Nathan, CSC
Associate Director
Bureau of Training



Bernard H. Rosenberg, HEW
Office of
The Deputy Assistant
Secretary, Finance

Washington Chapter Wins Awards

The Washington Chapter won both the Chapter **Competition Award** (first place) and the **Membership Improvement Award** (for Chapters in its category) for Fiscal Year 1973. The awards were presented on June 15 at the FGAA National Symposium.

A **plaque** and a \$100.00 check were received for each award. In addition, the Chapter **Competition Award** included a large trophy that rotates from year to year and a **lectern**.

OMB Transfers

Some of its 'M' Authority to GSA

by Ray Einhorn

The President in Executive Order 11717 transferred to GSA "all functions that were being performed in OMB on April 13, 1973 by the Financial Management Branch" and several other OMB management organizations. He did not transfer OMB's general oversight responsibilities; the Order stressed that the new GSA functions were "subject to such general oversight to the same extent" that other GSA functions are.

Reaction of FGAA members

Neither the transfer nor subsequent events seemed to bring cheer into the minds and hearts of those affected directly and indirectly throughout Government. A sampling of the reaction of FGAA members and other financial officials was remarkable because of how much and how little interest had been aroused. Opinion ranged from very great despair to neutrality, each probably related to the suddenness of the change and inadequate communication from and to OMB. The transferred functions—financial, procurement, property, systems, ADP—had generally been accepted as integral parts of OMB, and many associate the Financial Management Branch with Bill Armstrong, a charter FGAA member, who had been responsible for this BOB/OMB area under its various organizational and functional labels from 1941 to 1972.

Most officials, irrespective of their reactions, are curious, however, as to why "financial management" was transferred out of OMB, and almost as many why it was transferred to GSA. Moreover, many wonder what has really been transferred, and what opportunities, if any, are now lost or minimized. Were the OMB "financial management" activities transferred with the "Financial Management" Branch? What is "financial management"? One is reminded of the delightful exchange between one of Lewis Carroll's lovable characters and Alice in *Through the Looking-Glass*. Humpty-Dumpty, resenting Alice's challenge on words, replied to her in a scornful tone:

"When I use a word, it means just what I choose it to mean—neither more nor less."

"The question is," said Alice,

"whether you *can* make words mean so many different things."

"The question is," came the reply, "which is to be master—that's all."

Was "financial management" transferred?

So many of us are positive and so many are uncertain of the meaning of "financial management" that initial evaluations of the transfer may be confusing. For example, one can rationalize easily, and without much surprise, the transfer of property, procurement, and ADP to GSA since GSA had policy and other Government-wide responsibilities in these areas by law, regulation, or custom for many years. But why "financial management," and what is the future of the Joint Financial Management Improvement Program? Space does not permit even a partial listing of the common comments, but certain signals should be noted. First and foremost is for GSA top officials to sound out the financial community for constructive ideas.

"Financial management" was not really transferred out of OMB, of course. There are several reasons, all of which want to be first. Certainly budget planning, formulation, and control are a part of "financial management," and they remain in OMB. Budgeting in practice as well as in nature and concept is both "financial" and managerial." Secondly, the "M" in OMB is still there, and financial matters are a *sine qua non* in management of the Government. Moreover, OMB has just established four Management Divisions to work closely with its respective budget examination divisions and directly with Federal agencies. The activities of the new Divisions as well as the functions of the separate OMB Management and Organization Division necessarily embrace *all* the ingredients of "management."

New look in OMB

The new look is the closer integration of the "M" and "B" in OMB, organizationally and in spirit and purpose, somewhat along the lines advocated by the report of Panel 3 of the OMB 1971 Management Improvement Conference. The April, 1973 memorandums from OMB to

agencies emphasize identifying and resolving important management problems, reporting of *major* goals and objectives of *Presidential significance*, and monitoring their accomplishment in line with time-phased milestones. There are not likely to be financial management items in the list, primarily because the emphasis is on program management.

Clues to the future in GSA

Clues to the functions of the new GSA Office of Financial Management lie in the President's statement of May 22, 1973 on improving the caliber of Government management. He directed GSA to assume a broader role by developing better systems for providing administrative support to all executive branch activities. In the financial area, he now refers to the transfer from OMB as relating to "the areas of financial management systems development;" to developing Government-wide policy in these areas; and to carrying out such policy. GSA is assuming these responsibilities under the policy oversight of OMB and can draw upon OMB's assistance for major policy issues. The President also announced the nomination of Arthur Sampson as Administrator and Dwight Ink (formerly OMB Assistant Director for Organization and Management Systems) as Deputy Administrator.

The May 22 statement ties in with the OMB April 6 listing of current management problems that control agencies such as GSA should tackle. The April transfer relates to the earlier designation of Mr. Ash as Assistant to the President for Executive Management, and emphasizes the strong partnership of OMB, GSA, and CSC management activities. OMB expects GSA to strengthen its capacity to provide leadership in management improvement in the respective areas assigned to it. GSA began by establishing a new Office of Federal Management Policy headed by an Associate Administrator, Ted Trimmer (formerly GSA Acting Commissioner of Automated Data and Telecommunication Service). John Lordan (FGAA and AICPA's) continues to be the Director of Financial Management, one of the five Offices of the new organization.

(Continued on page 6)

OMB Transfers 'M' Authority (Continued)

Action required by GSA

In addition to the need for GSA to institute vigorous direct communication with the financial management community, GSA needs to develop with OMB a statement of objectives for the financial management arena. An executive branch champion is needed for financial systems to perform a role such as GAO performs for auditing. Although GAO has the statutory responsibility for accounting principles and standards and the approval of accounting systems, it often has recommended that OMB (presumably now OMB/GSA) provide the leadership for agencies to adopt cost-based budgeting for management of their activities and controlling the costs of operations.

All problems and objectives have not been identified, of course. Some for which leadership should be provided by the new GSA office are listed by the OMB Director in the January 30 and September 15, 1970 memorandums to all agencies. Others include improvement of grant cost principles for States and local governments; continued application of the excellent administrative procedures in Circular A-102; the need for cost-benefits analyses as part of management systems for decisionmaking and evaluation of programs of Federal assistance to local governments; and the financial/social relevancy challenges described by Art Litke and others in recent publications.

Essential ingredients for performance

Those that despair of the organizational shift in financial management from OMB to GSA should reflect that although organization and location help, the main strengths for effective performance are quality of people, support from OMB, GAO, Treasury, and CSC, and willingness to be useful, coupled with leadership and intelligent analysis of management needs. How many times has GAO faltered just because there was a desire to change the "A" in "GAO"? Instead, the GAO moved to "management" on the basis of capability, support, and a recognition that it could not limit itself to the accounting areas, however significant (not to mention the powerful and prestigious legal responsibility it exercises).

For those who remain discouraged, turn again to Lewis Carroll, this time to *Alice's Adventures in Wonderland*. When the snail complained about the whiting's invitation to swim in the English Channel, "Too far, too far!"

"What matters it how far we go?" his scaly friend replied.

"There is another shore, you know, upon the other side.

"The further off from England, the nearer is to France —

"Then turn not pale, beloved snail, but come and join the dance."

Congratulations to:

*National
President-Elect
John Cooley*

*Capitol Region
Vice President
Maurice Pujol*

*Capitol Region
Vice President-Elect
John W. Fawsett*

Messrs. Cooley and Pujol are Washington Chapter Members, and Mr. Fawsett is a member of the Northern Virginia Chapter.

WELCOME NEW MEMBERS

Name	Employed By	Name	Employed By
J. L. DiGuseppi	CASB	Douglas A. Maring	GAO
Franklin P. Pickle	Maritime Admin.	James J. Moore, Jr.	Navy
Earl H. Thorpe	Labor	Stanley S. Nowak	AID
David V. Barackman	ICC	Lee G. Price	Navy
Edward M. Boicourt	GAO	Billy H. Ramsey	Agri.
Charles R. Brown	GAO	Charles F. McNulty	HEW
George E. Hall, Jr.	Army	Thomas D. Newby	GAO
John B. Kennedy	Comm.	DuWayne D. Brown	GPO
Vincent J. Klaus	Army	Walter J. Sienkiewich	GAO

MAY MEETING REPORT

by Joseph Donlon, GAO

A large crowd turned out for the chapter's 14th Annual Awards Program. Our speaker, Congressman Jack Brooks of Texas, was unable to attend due to a last minute requirement that he serve as presiding officer of the House of Representatives. Mr. Bill Jones, Staff Director of the Government Activities Subcommittee, did a fine job of presenting Congressman Brooks' remarks on "The Role of Accountants in Preserving the Federal Government."

Commissioner Leonard J. Andolsek of the Civil Service Commission entertained us with some of his famous stories and presented the award winners with their well deserved awards for outstanding financial management achievements in the Federal Government. He also presented to Chapter President-Elect Frank La Cava, our chapter award for outstanding contribution to the Washington Chapter.



Commissioner Andolsek presents Outstanding Achievement Award to Paul Carter, GSA. Looking on is Mr. Allan G. Kaupinen, Assistant Administrator, GSA.



Millard A. Palmer, DSA receives his award while Mr. Palmer and Melvin Baker, Comptroller of DSA look on approvingly.



James D. Martin, GAO receives Outstanding Achievement Award from Commissioner Andolsek while Mrs. Martin and A.T. Samuelson, Assistant Comptroller General of the U.S. look on.



Commissioner Andolsek presents Award to Mrs. Minna Tomkin of the Agency for International Development. Mr. Tomkin and James F. Campbell, Assistant Administrator for Program and Management Services, AID are the proud onlookers.

SPECIAL JULY 25
SEMINAR ON GAO
APPROVAL OF AGENCY
ACCOUNTING SYSTEMS

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Mail to: **GEORGE M. CATE**
Room 400
Booz-Allen & Hamilton
1025 Connecticut Ave., N. W.
Washington, D. C. 20036

FOR NEW AND OLD MEMBERS CLIP AND MAIL

To: President, Washington Chapter - FGAA
P.O. Box 423, Washington, D.C. 20044

From: Name _____ Office Phone _____
Agency _____ Res Phone _____

I am interested in serving on the following committees:

Editorial	_____	Research	_____
Education	_____	ADP	_____
Meetings	_____	Audit	_____
Membership	_____	Bylaws	_____
Programs	_____	Coop. Govt. Agencies	_____
Publicity	_____	Coop. Professional Orgns.	_____
News Bulletin	_____	<i>(Use numbers to indicate priority)</i>	
Other interests (specify _____)			

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WASHINGTON CHAPTER



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