January 2002

The Washington Connection

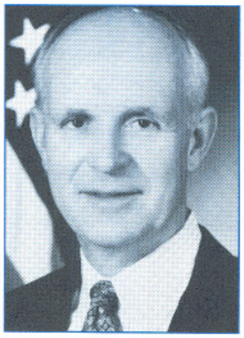
Association of Government Accountants, Washington, DC Chapter

In This Issue...

AGA WASHINGTON, DC CHAPTER

The Impact of the President's Management Agenda on Programs, Budgets, and Projects

January 10, 2002 Luncheon Meeting



Dr. Bruce Carnes

Our January luncheon speaker is Dr. Bruce Carnes. In the spring of 2001, Dr. Carnes was nominated by President Bush and confirmed by the Senate as Chief Financial Officer for the Department of Energy. In addition, he serves as Director of the Office of Management, Budget and Evaluation, in charge of the Department's budget, finance and accounting operations, human resources, acquisition, and program and project evaluation.

Dr. Carnes has a significant history and service record with the federal government. He entered federal service in 1976. Initially, he served as a program analyst for the Office of Post-secondary Education in the U.S. Office of Education, Washington, D.C., but was soon appointed as a program specialist for graduate training, respon-

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Luncheon Logistics

Monthly Luncheon Meeting
Thursday, January 10, 2002

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

11:30 – 12:00 Social
12:00 – 1:10 Luncheon Meeting (1 CPE)

Cost:	Members	$20.00
	Non-members	$35.00

For reservations, please call the AGA Washington DC Chapter voice mail line at 703.758.4080 and select option 1. If you prefer, you can register by email to mkubaki@hq.nasa.gov or you can register at our homepage: www.agadc.org. Please forward your name, agency/company, and telephone number.

President's Message

Janet McBride, President

Your Washington Chapter Team hopes that you had a wonderful holiday season and that a very happy new year is on your horizon. A very informal poll reveals the top ten items that appeared on the "wish list" of our members.

10. a reminder to lighten the load in my mailbox and give AGA's Membership Team more time to recruit new members by paying my AGA dues on time this year.

9. networking at AGA Washington Chapter events because that's a good way for me to look for a new job or to recruit new staff

8. a reminder to participate in and report community service activities to the Chapter

7. opportunities to meet more of my professional associates by attending Washington Chapter events

6. a reminder to get out of the office at least once a month for excellent food and CPE at a convenient location and an unbeatable price

5. a reminder to go to AGA luncheon meetings this winter and spring so that I can justify going to the PDC in July

4. a trip to the 2002 PDC in Atlanta, Georgia to learn new things

3. a reminder to register for the Federal Leadership Conference

2. a reminder to attend the Chapter's Technology Enabling Financial Management conference in February at the Grand Hyatt

1. another reminder to attend the Chapter's conference in February because it's a really good program with great speakers and wonderful sessions.

As many of you know, the Anthrax attack hit us too. The delays in mail delivery meant that we couldn't get the word out about Technology Enabling Financial Management. As a result, we had to reschedule this conference to February. While I'm still waiting on confirmation as we go to press, February 19-20, 2002 at the Grand Hyatt looks like a go. Last year, more than 190 attended our technology-oriented seminar in May. My holiday hope is to top last year's attendance by 5%. I need your help to make my wishes come true. So please get approval to attend and visit our website at www.agadc.org to register for this event.

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Federal Executive Profile: A Discussion with Bill Earle

Assistant Director and CFO at the Bureau of Alcohol, Tobacco, and Firearms

By Bob Freeman

The Washington Connection (TWC): I'll be frank. You certainly don't seem to have the typical credentials of a CFO. You're a career ATF professional, a member of the International Association of Chiefs of Police, and definitely not an accountant. With five unqualified opinions during your tenure, there is no doubt that you've been successful. What are the keys to your success?

Earle: There are two key elements to my success. First, I understand the culture and mission of ATF. I grew up here, and as a result believe that other ATF professionals trust me. Trust is critically important in ATF, where we provide both law enforcement and revenue collection services. By having a deep ingrained understanding of the mission, people, and organization of ATF, I am better positioned to provide advice to the Director. Second, the MBA I earned while working at ATF and my experience in a range of resources management positions provide me with the financial management skills necessary to be the CFO. Education provides an understanding of the fundamentals of accounting. The most critical skill is shepherding this organization on a journey of accountability and results.

TWC: Have you found your practical, hands-on ATF experience valuable at the Treasury level?

Earle: Yes. As you're aware Treasury's mission is all about money-collecting, managing, accounting and frequently disbursing. The Treasury level CFO meetings tend to reflect this bias. I find that my experience and that of the other CFOs helps others understand the real-life relationship between financial management and the programmatic mission of a law enforcement agency.

Bill Earle

TWC: I assume that as the CFO, you've provided program offices with the detailed financial management information they need to manage their offices.

Earle: Well there are two parts to your implied question. First, does the accounting system capture all the cost information that they want? Second, can my office provide program offices with the reports and queries they need?

Let's examine the first question. In the past, we allowed program offices to identify specific codes and code values. Program offices used these codes to collect detailed information. We found, however, that the detailed coding required to collect this information didn't occur consistently. In fact, all too often individuals simply used a catchall general code. Therefore, we worked with the program offices to strike a balance between detailed information that they needed and the practicality of capturing that information on an agency-wide basis. As a result, we reduced the number of codes and increased the accuracy of cost data in the remaining codes. I found that trying to collect data at too detailed a level actually frustrates reporting useful and meaningful information.

This then leads to the second question. My goal is to integrate the information in our core accounting system with the information in the various agency program systems and develop a true agency-wide data warehouse that will enable officials to directly link the financial resources received with the program activities that they are conducting. By achieving this goal, officials in any program office will have integrated programmatic and financial information that can be used to guide future decisions.

TWC: Let me turn to another topic. You've been here for over 30 years and you've been the CFO for five. Do you intend to continue forever, or have you developed a succession plan?

Earle: I've worked very closely with the agency leadership to develop such a plan. We have a pool of SES candidates who have been pre-qualified by OPM. I invite these candidates to work side-by-side with me for a week or so in order to give them a flavor of the position and its responsibilities. In addition, ATF is managed by eight senior officials who meet several times a week to discuss issues and make joint recommendations to the Director. These sessions give others an opportunity to understand the critically important role that the CFO's office plays in the management of ATF. I believe that this process has allowed ATF to develop several outstanding candidates who could ably fill my shoes right now.

TWC: I noticed that you assume that the next CFO will come from the ranks of ATF and not from the outside. Is this correct?

Earle: Yes. Fundamentally, we believe that the CFO should sit at the right hand of the leadership of the agency and be a real player at the table. In order for this to occur, that individual must understand in detail the fundamentals of our mission, culture, and organization. Without that understanding the CFO will be little more than a bean counter. I can rely on my financial system to summarize our beans every way possible.

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Association of Government Accountants Membership Application

I. Name & Mailing Address

○Check here if renewing

○ Mr. ○ Mrs. ○ Ms. ○ Dr ○ Prof.

Please circle: male / female

Name

Address | Apt/Suite #

City | State/Province

Zip/Mail Code Country

○ Home ○ Office Address

Second Address

Address | Apt/Suite #

City | State/Province

Zip/Mail Code Country

II. Business Information

Job title | Dept.

Organization

Employer: (Government): ○ Federal ○ State ○ County
○ City ○ International* ○ Private ○ Academia
○ Student ○ Retired ○ Private International

Responsibility Area: ○ Accounting ○ Budgeting ○ County
○ Management ○ Academia ○ Contract Management
○ Grants Management ○ Program Management ○ Administration ○ Consulting
○ Information Systems ○ Retired ○ Auditing ○ Finance
○ Legal ○ Student ○ Other

*Include multilateral organizations that deal with a region(s) of the world)

Education: Highest degree attained | Accreditation and Certificates

III. Sponsor's Name

(if applicable) | Member ID #

IV. Membership Data/Dues

Please choose a membership category. Retired? Call the AGA Customer Satisfaction Center at 800.AGA.7211 to find out about our retired membership category.

○ Full — $70/yr ● Practicing professionals performing financial management activities, for at least 6 years, in an operational, administrative and/or supervisory capacity.

○ Early Career — $35/yr ● Practicing professionals who have fewer than six years of financial management experience.

○ Special Early Career — $15/year ● Full-time students and those in their first year of employment.

Primary Chapter (Washington, DC - $10-Full, Early, Special) | Dues $10

Additional Chapter Membership(s) Optional | Dues

V. Method Of Payment

○ Check enclosed (make checks payable to AGA)

○ Charge to my: ○ VISA ○ MasterCard ○ AMEX ○ Discover

Total Amount Enclosed

Card Number | Expiration Date

Signature

Twenty-three percent of national dues pays for a member's subscription to The Government Accountants Journal and 6.5 percent pays for the Government Financial Management Topics newsletter.

Association of Government Accountants

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agamembers@agacgfm/org

Job Announcements

Job type	Series	Agency	Announcement No.	Close Date	Contact
Federal Opportunities					
Budget Analyst	GS-0560-07/07	Navy	NFMC02-OS-BA-001	3/22/02	850.452.3786
Budget Analyst	GS-0560-07/07	Navy	AN126036	1/11/02	478.757.3000
Financial Analyst	GS-0501-07/07	Navy	AN126538	1/11/02	478.757.3000
Staff Accountant	GS-0510-07/	Commerce	ITA-02-041A-KH	4/29/02	202.482.3060
Staff Accountant	GS-0510-09/	Commerce	ITA-02-041B-KH	4/29/02	202.482.3060
Staff Accountant	GS-0510-11/	Commerce	ITA-02-041C-KH	4/29/02	202.482.3060
Budget Analyst	GS-0560-12/13	HHS	OS-01-198	1/16/02	301.443.3201
Corporate Opportunity					
Accountant		AMS	MBAY-4YDNEW	1/31/02	www.ams.com/careers

If your organization would like to list job announcements in the newsletter, please send announcement information to diane_wright@ams.com.

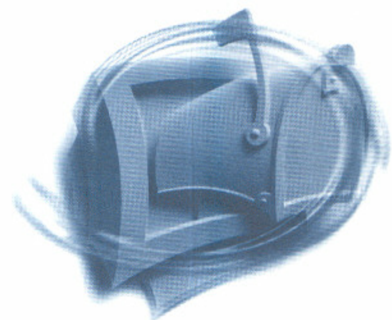
CPE Opportunity

Data Warehousing and the President's Management Agenda

On January 10, 2002 the Membership Services/Early Career program will offer a Professional Awareness Session on data warehousing and how it fits into the President's Management Agenda initiatives. The Administration's key management initiatives include—competitive sourcing (FAIR Act, A76), improved financial performance, budget and performance integration. These initiatives have increased pressure on agencies to comply with capital and performance planning mandates and targeted spending based on performance benefits. A key part of the challenge agencies face is the availability of accurate, timely and relevant business information to support these initiatives. Data Warehousing is the process by which agencies can extract and integrate financial, budget and program data from multiple internal or external systems into a single system to support the business decision-making process. This session will provide you with an introduction to Data Warehousing principles, methodology and terminology, as well as exploring the benefits a well designed Data Warehouse system brings to you and your agency. The session should last approximately one hour, and is worth one hour of CPE. The session will begin at 3:30 p.m. at the Grant Thornton DC office located at 1900 M Street, NW. All attendees are invited to a social hour at a nearby establishment following the session. For more information or to register, please contact Phyllis Hunter at 703.847.7651 or via email at phunter@gt.com. •

2002 Federal Leadership Award Winners

Please join AGA's National Awards Committee in congratulating the five recipients of the 2002 Federal Leadership Awards: Comptroller General of the United States David M. Walker and Representative Stephen Horn, 38th District of California, will receive the Distinguished Federal Leadership Award; Richard A. Leach, auditor general of the Navy, and Philip T. Calder, CGFM, chief accountant, U.S. General Accounting Office (GAO), will receive the Elmer Staats Award; and Robert A. Freeman, Vice President, American Management Systems, will receive the Andy Barr Award. AGA will present the awards during its 13th Annual Federal Leadership Conference, on January 24-25, 2002 in Washington, D.C. Please visit AGA's website at www.agacgfm.org/flc for more information about the awards, the recipients and the conference. •



E-mail Mailing List

Would you like to receive e-mail reminders of our monthly meetings and conferences? If so, please go to www.agadc.org to sign up for our mailing list in the Member Services section of the website. •

Newsletter Comments or Suggestions?

Do you have any comments or suggestions regarding the newsletter? Do you have an article you'd like to see in print? The deadline for submitting articles to appear in the March, 2002 issue is January 21, 2002. Please send your comments and contributions to the newsletter editor, Diane Wright at diane_wright@ams.com. •

Profile

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TWC: I want to thank you for taking time from your busy day, and would like to know if there are any closing thoughts you have for our readers?

Earle: Yes. As we move into the post September 11 world it becomes clear that Law Enforcement agencies often have to react, perform and report in ways that don't fit a corporate business model. It's at times like these that we are establishing a whole new range of "best practices" in the area of response and recovery. The CFO remains a key component of this mission. •

Recruit New AGA Members and Win!!!

AGA's Member-Get-A-Member Campaign is in full swing and we've got quarterly drawings for terrific prizes lined up, including an overnight duffel bag, a $100 Hertz rental car voucher or even two round trip airline tickets to anywhere in the U.S. Every time you recruit a new member, the odds increase that you could win big. Don't let your colleagues be left unaware of all that AGA can do for them. Help a friend or business associate improve their professional skills and benefit through increased access to the latest technical information and new business contacts. Become eligible by making sure new members you

recruit return their completed applications no later than April 31, 2002. Remember to print your name on the Sponsor's Line section of the application to receive sponsor credit. Questions? Call 800.AGA.7211. •

AGA Relief Effort Raises More Than $9,500

AGA has raised $9,817.17 as of December 4, 2001 for the AGA Relief Effort. All proceeds will be divided evenly among the families of the three AGA members who were killed in the Pentagon attack on September 11. The fund raising for this effort will span the rest of our program year. Send your donation to the AGA Relief Effort, AGA National Office, 2208 Mount Vernon Avenue, Alexandria, VA 22301-1314. Checks should be made payable to the AGA Relief Effort. AGA National has also established a secure location on the AGA website where credit card donations will be accepted. Go to the AGA homepage at www.agacgfm.org and click on the patriotic ribbons to make an online donation. Thank you again for your support of the AGA Relief Effort. •

Upcoming Chapter Social Events

In response to our membership survey, Membership and Early Careers are scheduling the following events for the coming 2001-2002 membership year

January 10, 2002
Professional Awareness Session

February 2002
Mid-week skiing at Liberty in PA

March 10, 2002
Visit National Zoo

April 2002
Attend Baltimore Orioles Game

May 2002
Golf Tournament

Additional event information will be provided as the activity draws near and more information becomes available. Some of the activities may be subject to change due to our partnership with the ASMC and the AGA-NOVA, PG and Baltimore chapters. Please check your newsletter, web site or agency liaison for the latest event update. Due to advance notification requirements and space limitations, most activities will have a response cut off date. If you are interested in an activity please let us know as soon as possible. Send your electronic responses or direct any questions to phunter@gt.com (703.847.7651) or Karl.boettcher@fms.treas.gov (202.874.3611). •

President's Management Agenda

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sible for administration of graduate fellowship and legal training programs.

In 1979, he joined the National Endowment for the Humanities as Assistant Director, Office of Planning and Policy Analysis. He later assumed the post of Director, Office of Planning and Budget, managing the development of overall agency program policy, budget, legislative proposals, congressional testimony and agency management issues.

In 1985, Dr. Carnes was nominated by President Reagan and confirmed by the Senate to Deputy Undersecretary of Education for Planning, Budget, and Evaluation, in charge of developing policy proposals in education, departmental program budget and legislative proposals, oversight of program operations and manpower resources, and congressional testimony as principal and supporting witness. During his tenure in that position, he also served as the Education Department's Acting Deputy Undersecretary for Management, responsible for overall department policy and operations in personnel, contracts and grants, finance and accounting, ADP, and administrative resources.

Dr. Carnes became Director for the Office of Planning, Budget and Administration, Office of National Drug Control Policy, Executive Office of the President, in 1989. In this capacity, he developed program budget processes and the government-wide national drug control budget; coordinated the development of the national drug control strategy; conducted research and analyses on drug control issues; and represented the office before other federal agencies, Congress and the public. From February to June 1993, he also served as the Office of Drug Control Policy's Acting Director.

In 1993, Dr. Carnes became Assistant Deputy Director for Plans and Management for the Defense Finance and Accounting Service, a nearly 20,000-employee defense agency responsible for the Defense Department's worldwide financial operations. He served briefly as Acting Principal Deputy Director of the DFAS Columbus Center, and in 1996 became the Agency's Deputy Director for Resource Management.

As Director of Resource Management, Dr. Carnes served as the Agency's Chief Financial Officer, advising the Director and staff on all matters pertaining to resource management, including programming, budget formulation, presentation and execution, and work force management. In addition to managing all funds provided to DFAS, Dr. Carnes conducted economic and cost-benefit studies and analyses on proposals and initiatives involving accounting and finance activities, and oversaw the agency's plans, congressional liaison, public affairs, customer service, internal audit and administrative functions as well as Operations Mongoose program and the Acquisition Support Organization. He was also responsible for measuring the cost savings associated with the standardization and consolidation of accounting and finance policies, procedures and operations—the primary goal of DFAS.

In 1999, Dr. Carnes became the Deputy Director of DFAS, where he functioned as the Agency's Chief Operating Officer, overseeing DFAS's budget, human resources, acquisition, and planning activities and the finance and accounting operations of the Department of Defense.

Dr. Carnes has a B.A. from the University of Colorado and an M.A. and Ph.D. from Indiana University. Prior to joining the government, Dr. Carnes was an assistant professor of English at James Madison University in Harrisonburg, Virginia. He and his wife live in Springfield, Virginia. •

Luncheon Meetings

The schedule for the rest of this year's luncheon meetings is:

January 10, 2002

February 5, 2002

March 7, 2002

April 23, 2002 (Awards Dinner)

May 2, 2002

Ron Longo, our Programs Director, is in the process of lining up an outstanding group of speakers. So far, our speakers include:

Bruce Carnes
CFO, Department of Energy

Gaston Gianni
FDIC

Bob O'Neil
National Academy of Public Administration

Justine Rodriguez
OMB

Keith Rhodes
GAO

Kay Cole James
OPM

Karen Alderman
JFMIP

Susan Irving
GAO

Richard Norment
AGA National President

Inside the Black Box

Reconciling Cash with Treasury

by Simcha Kuritzky, CGFM, CPA

Current Reports

The Financial Management Service (FMS) of Treasury handles cash transactions for most federal agencies. FMS officially records the appropriation warrants, performs non-expenditure transfers, and withdraws funds rescinded. FMS also disburses payments to the public based on schedules provided by agencies, and performs interagency transfers through the online payment system. These are all reported on the monthly TFS-6653 report. This report has a separate page for each Treasury Symbol, with net disbursements summarized by the Agency Location Code of the initiating party, and all appropriation activity lumped together in one number. FMS compares these amounts with those reported by the agency on the SF-133 Report on Budget Execution, which is also reported by Treasury Symbol.

Direct Comparisons

Since FMS is responsible for recording cash associated with appropriation activity (e.g., warrants for new funding, non-expenditure transfers, rescissions), FMS can easily check to see that the amounts an agency reports for these on the SF-133 are correct. This activity is associated with lines 1a-1e Appropriations, 2b Net Transfers of Prior-Year Authority, 13 Obligated Balance Transferred, 5 Temporarily Not Available, 6b Enacted Rescissions, and 6e Not Available Pursuant to Public Law. FMS edits each line on the SF-133, so if an agency accidentally books an appropriation transfer under account 4119 Other Appropriations Realized instead of 4170 Transfers—Current-Year Authority, FMS will detect a disagreement.

Beginning Balance

The SF-133 has two lines associated with beginning balances: 2a which records unobligated authority, and 12 which records obligated (including payables, receivables, and unfilled customer orders without advance). Rather than calculate the balance of 2a directly by taking the credit balance of accounts 4450 Unapportioned Authority through 4700 Commitments, FMS calculates 2a as the sum of all the other accounts that can have beginning balances. This is because the net balance of these accounts should be a debit, which agrees with sign of all the other accounts used in section 1 of the SF-133. Several of the accounts in line 2a are also in 12, so when the two are netted the remaining accounts should equal beginning cash. For most funds, the only accounts with balances in the net of lines 2a and 12 are 4201 Total Actual Resources—Collected and 4802 Undelivered Orders—Obligations, Prepaid/Advance. For those funds for which it is relevant, the other accounts are 4126, 4127, 4136, 4137, 4139, 4149, 4166, 4394, 4397, and 4398. If the net debit balance of all these accounts equals beginning cash, then the agency's and FMS's records are in agreement.

Net Disbursements

Net Disbursements are the bulk of cash activity by the agency. They include payments of invoices, collections of reimbursements, and collections of fees. These are recorded on lines 15a and 15b of the SF-133. Treasury checks that the value of line 15a matches that of lines 8 plus 12 less lines 3a2, 3b2, 4a, 13 and 14. Line 15b should match the sum of lines 3a1, 3b1, and 3d1. If the net credit balance of the budgetary cash accounts 4222, 4252, 4255, 4260-4277, 4802, 4872, 4882, 4902, 4972, and 4982 match the net disbursement activity on the TFS-6653, then the agency records are in agreement with FMS.

Ending Balance

The ending balance calculation mirrors that of the beginning: ending cash balance should equal ending unobligated authority plus obligated authority.

Unobligated authority is reported on lines 9 and 10, and is represented by accounts 4420 Unapportioned Authority—Pending Rescission through 4700 Commitments, net of anticipated amounts in accounts 4060, 4070, 4210, and 4310. Obligated authority is reported on lines 14a-14d, which are represented by accounts 4221, 4225, 4251, 4281-87, 4801, 4831, 4871, 4881, 4901, 4931, 4971, and 4981. Taken together, these accounts represent all the non-cash activity, and since the budgetary accounts must balance, they therefore must have the same balance as all the cash-related budgetary accounts. The agency's and FMS's balances will be in agreement if the net credit balance of these accounts equals the ending cash balance on the TFS-6653.

2108 Calculation

The final comparison that FMS makes is to check that the balance of columns 5-8 of the FMS-2108 Year-End Closing Statement equals the balance of columns 9-11. Since columns 7-10 are the same as the SF-133 lines 14a-14d, and column 11 is nearly identical to lines 9 and 10 (the FMS-2108 includes amounts precluded from obligation represented by accounts 4157, 4158, 4394, and 4397, while the SF-133 does not), this test is almost the same as the ending balance comparison. The primary difference is that columns 5 and 6 are calculated using the proprietary cash-related accounts rather than the budgetary. So the purpose of the 2108 calculation is to ensure that proprietary and budgetary cash balances agree. The budgetary cash accounts were listed under the

continued on next page

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beginning balance and net disbursements calculations. The proprietary accounts are 1010 Fund Balance With Treasury, 1610-1623
Securities, 1120 Imprest Funds, and 1130 Funds Held by the Public.

Conclusion

One of the goals of the new administration is to have the federal government close its books days after yearend. That cannot happen if agencies put off reconciling their books with each other until October, so a reconciliation of cash each month is high on Treasury's agenda. •

Comments, suggestions, and critiques are welcome. Send them to Simcha_Kuritzky@ams.com, and not to the AGA.

Innovations in American Government Awards

The Institute for Government Innovation at the John F. Kennedy School of Government at Harvard University announced the 2002 Innovations in American Government Awards. To request an application or more information, go to www.innovations.harvard.edu or call 800.722.0074. •

Six Commonly Held Beliefs about the Benefits of Commercial-off-the-Shelf Software

by Bob Freeman

GAO and the Administration have set a common financial management goal: "federal financial systems [must] produce accurate and timely information to support operating, budget, and policy decisions."[1] Many agencies perceive that a major step toward this goal is the replacement of legacy administrative support systems with modern, web-based commercial-off-the-shelf (COTS) systems. There is a belief that these systems provide better internal controls and audit trails, offer greater integration across an agency's enterprise, allow easier access to management information, and require less resources to operate and maintain.

While this writer advocates the acquisition and deployment of modern, web-based COTS-based systems for the reasons stated above, their perceived benefits might be too good to be true. These benefits are grounded in six commonly held beliefs:

1. COTS implementations require fewer resources because the agency is starting with a finished software product.
2. Modern COTS systems are easier and less costly to maintain because the software provider enhances the system as technology and requirements change.
3. Agencies identify the business processes they want to support and then configure the system to support those requirements.
4. Transactions are automatically posted immediately to all affected modules with no manual reconciliation or intervention.
5. It is easy to integrate or interface third party systems into these modern COTS products.
6. These modern systems have outstanding management reporting capabilities.

For all of these beliefs there is an element of truth; however, there may be significant risks that outweigh the benefits of the COTS system.

In the next six newsletters, we will examine each belief with the objective of removing the myths surrounding modern, web-based COTS systems, and providing financial managers with a more informed understanding of their value. •

[1] President's Management Agenda, Government-wide Initiatives, Improved Financial Performance, page 20, Dated August 2001

President's Message

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In December, we heard from the IG community and how it plans to tackle the President's Management Agenda. Our luncheon speaker for January 2002 will be Dr. Bruce Carnes, Chief Financial Officer, Department of Energy. He will be sharing his perspective about the impact of the Agenda on the CFO community.

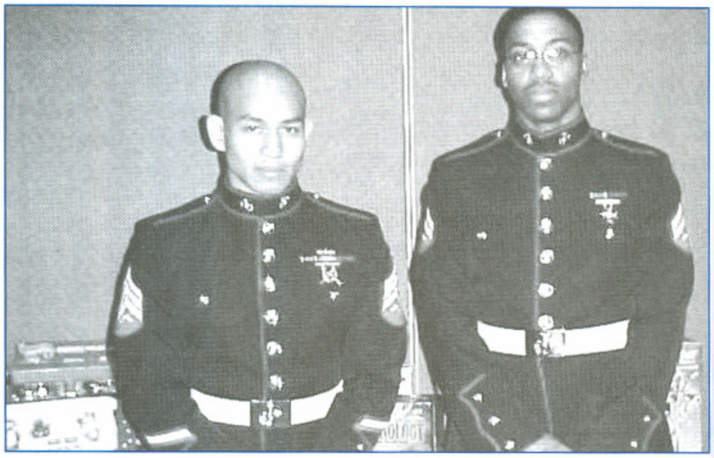
In February, we will be fortunate to hear from GAO's Sue Irving, an expert on budget issues. Plan to attend and hear her insights on the 2003 budget. In March, Karen Alderman, Executive Director of JFMIP, will be visiting to provide insights into JFMIP plans and projects.

Finally, I would like to take this opportunity to thank Karen Holmcrans for her service to the Chapter. Because of unexpected demands on her time, Karen decided—after much deliberation—that she could not continue to serve as a Member of the Board of Directors. It was with regret that I accepted Karen's resignation. At the same time, I would like to welcome Cis Kuennen, who has volunteered to fill the remainder of Karen's term. Cis, who is with Oracle Corporation, is no stranger to the Chapter and has held positions in the Chapter in the past. I also welcome Meghan Schindler to the Board. Meghan, Naval Audit Service, will serve as the Assistant Secretary/ Treasurer for the remainder of this program year. •

Toys for Tots

Our annual Toys for Tots campaign was held at the December 6, luncheon meeting. We collected $410.00 and about 30 toys. Thanks to all who participated.

Corp. Harrison presents a letter of thanks to President-elect, Wendy Comes.



Marine representative Sgt. Nadal and Corp. Harrison pose with some toys.

The Need for CGFM

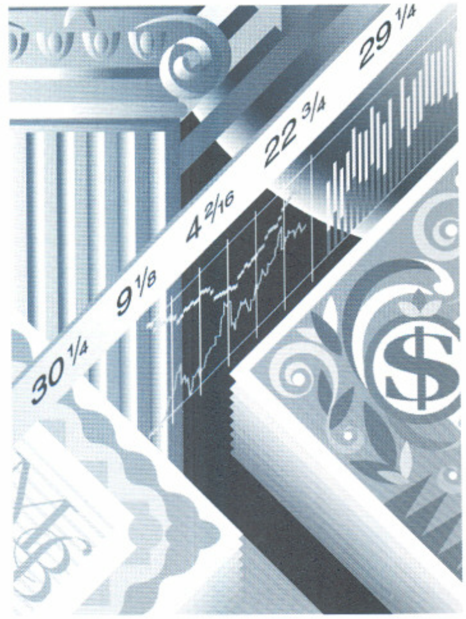
The Certified Government Financial Manager is the Mark of Excellence in Federal, State and Local Government. Since its inception in 1994, the CGFM has become the standard by which government financial management professionals are measured. Its education, experience and ethics requirements have served to elevate the most seasoned financial professionals. More than 13,000 individuals have received the designation so far. Now it's your turn. Experience the benefits of certification first hand—the CGFM is the mark of excellence in your profession. We look forward to adding your name to our distinguished list of Certified Government Financial Managers.

The CGFM is the first certification broad enough to cover the whole field of government financial management—federal, state and local. It deals not with testing a person in a specific area, but with measuring a wide range of knowledge and skills that a professional needs to succeed in the federal government financial environment, or to meet the unique challenges faced by state and local government financial managers.

Perhaps the genius of the CGFM had its roots in the fundamental notion that it would be the customers, stakeholders and "users" who would determine the value of the certification. The foundation of the CGFM is the requirement for Education, Experience and Examination. Building on this foundation is a Code of Ethics and required Continuing Professional Education (CPE).

This designation is already recognized as a professional standard. The U.S. General Accounting Office Report to the Undersecretary of Defense (Comptroller) on the Department of Defense's financial management workforce shows the CGFM as the preferred credential in a government agency with tens of thousands of financial personnel worldwide and more than $1 trillion in assets. The combination of two elements—what the experts say constitutes government financial management and what the people in the field say is expected of a government financial manager—creates the value and attraction to the CGFM.

The challenge facing today's government financial managers is to keep up with the changing times. New innovations, new developments and new methods of implementation are creating a new environment in which government financial managers must function. Increasing knowledge and skills is the key to staying abreast of



the latest developments. AGA presents a dynamic program of events and courses every year containing solutions, innovations, and technological breakthroughs that you'll need to retain and enhance your CGFM. The field of government financial management will be far different tomorrow from what it is today. Having a broad knowledge and a recognized professional designation will be the way to distinguish yourself from the crowd.

There's no time like the present for joining the thousands of other leaders in government financial management who already have discovered the unique value and benefit of the CGFM designation. For more information go to www.agacgfm.org/cgfm/index.cfm •

New Chapter Members

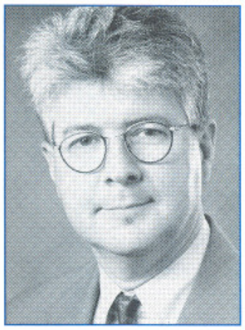
Our chapter has 1,614 members as of November 26, 2001. Three new members have joined AGA and our chapter since our last newsletter. Please help us extend a warm welcome to our newest government financial management colleagues.

New Members	Employer	Sponsor
Steven Phillips, CPA	Pricewaterhouse Coopers	Patrick L. McNam, CGFM
Warren A. Hall	National Oceanic and Atmospheric Administration	
Lee Johnson	Isymetry	

Summary of November Luncheon Speaker's Remarks

Keith Rhodes, Chief Technologist, GAO

By Michael D. Sciortino, CPA


Keith Rhodes

Technology in government was the topic at the November 8th monthly luncheon. Keith Rhodes, Chief Technologist at the General Accounting Office (GAO) provided a lively and animated discussion of the most pressing matter related to information technology in government: people.

After an introduction by Chapter President Janet McBride in which she described Keith as "an engineer who can speak in real English," Keith began his presentation and did just that (he made his point in terms that chapter members could understand. To start, he labeled himself as a non-standard engineer because "he could actually wear a tie."

His formal topic was technology in government, but he disconnected a bit from the "systems" aspect and focused on the human side of information technology. Keith stated that, in many ways, people are viewed as anathema in technology. "People" are viewed as largely irrelevant when systems are planned and designed. He indicated that we have enormous technological resources at our disposal, but all of these resources couldn't stop a person with evil in his heart from getting on a plane with a box cutter.

Keith posed a question to the audience. He asked, "When was the last time you thanked a systems administrator for keeping the system up?" Most people would respond that they have never done so. Systems administrators don't get visibility, they don't get respect, and they don't get the training they need to do their jobs. Systems and network administrators really *understand* their systems. And, because of this, they have enormous power. "Think about it", Keith said, "your administrators can even look at your email without you knowing about it." He went on to say that some of these people feel disenfranchised from the organization. They are on the job but we, as systems users, don't see them because they are in the background. This is a dangerous mix: extremely powerful people who don't feel respected in the organization.

Keith went on to explain that organizations spend a lot of time and money doing risk assessments via formulas and calculations and painstaking analysis. They look at their vulnerability, hire some consultants to "check the system," and then the consultants provide fifty to seventy recommendations to management. These recommendations now become the "priority" that the head of IT must try to implement. But, quickly, management realizes that the IT people are overworked with the day-to-day operations, and the "priorities" get downgraded. The result is that the recommendations never get implemented.

In some cases, management implements the recommendations and then someone breaks into the system using a false identification obtained by merely exploiting human nature. Keith posed another question. He asked, "How long do you think the door on the secure computer room will stay closed after the air conditioning is turned off? His answer: about five minutes, then someone from inside will prop the door open with a chair, defeating all access security. System security is a human event, he pointed out.

Keith's point was that while we are in this boom in the use of technology, we shouldn't lose sight that this use is a human event, and we must consider people in the equation. And, he reiterated, managers need to bring the systems administrators into the community by respecting what they do.

As a computer security professional with personal experience in testing access to networks and systems, Keith provided some case studies highlighting why computer security is, in fact, a human event. He pointed out that he couldn't tell how many times he has been able to get sensitive information out of an agency's help desk just by posing as a hapless user in need. For a person looking to wreak havoc, help desks are a great resource. Even Kevin Mitnick, the infamous computer hacker, was able to do what he did because he smooth talked and exploited the nature of people.

In one case, Keith was tasked with testing an agency's system security. One test was to gauge the threat from a disgruntled employee inside the organization. He tried to elevate his access privileges by merely asking for assistance from help desk personnel. After fifteen minutes of talking with the help desk specialist and empathizing with this person's workload problems, Keith was able to get his privileges elevated.

In another instance, Keith was tasked with testing an agency's system from the outside. This time, while probing around in the system Keith and his staff "got hit in the head with a 2x4" by the agency's systems administrator. At this particular agency the administrator was on top of things and promptly caught the intruders. While Keith and his staff were pleasantly surprised that they were detected, the agency's management didn't even know that this

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administrator existed, let alone that this administrator was the only line of defense against system intrusion. Sadly, after the administrator left for the day, the system was wide open and Keith and his staff broke in without any detection.

Keith's solution is to properly train the IT staff. Management needs to avoid cutting the budget for this type of training. "Nothing stops a well-trained person," Keith added. Well-trained people are the front line of evidence collection and the defense of the system. He warned that all of this is well and good, but the overriding question is: do the agencies have the will to provide this level of training?

In summary, Keith reiterated that in systems development and operation it is the value of humans that matters. We need to train and respect information technology workers if we expect them to guard our systems. September 11 taught us that people can wreak havoc with the simplest means, and we need well-trained and respected people as our first line of defense. •

AGA's 13th Annual Federal Leadership Conference: Leading Transformation

Our nation's leaders are facing challenges every day that they never could have imagined just three months ago and there seems to be no end in sight. As the organization devoted to promoting accountability in government, the Association of Government Accountants has designed a conference intended to help top leaders navigate their way through these uncharted waters.

AGA's 13th Annual Federal Leadership Conference is scheduled for January 24-25, 2002 at the International Trade Center-The Ronald Reagan Building in Washington, D.C. Attendees will hear from the top leaders in the field, including:

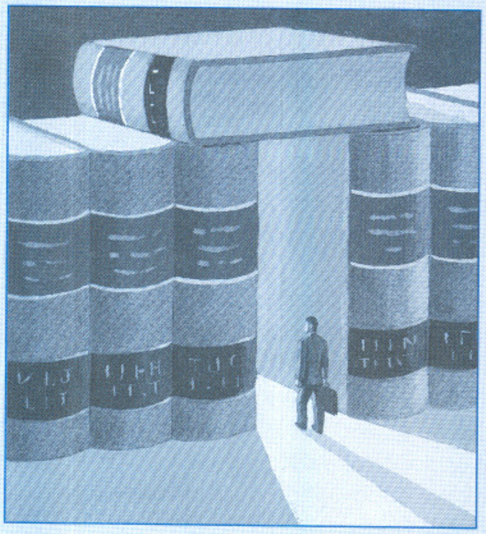
- Comptroller General of the United States David M. Walker on "Transformational Change in a Dynamic Environment;"
- Office of Management and Budget Controller Mark Everson;
- Environmental Protection Agency Administrator Christie Todd Whitman;
- Paul Light, Director of the Center for Public Service, The Brookings Institution, on "The State of Public Service and Government's Greatest Priorities;"
- Gopal Kapur, President of the Center for Project Management on "How to Define, Measure and Achieve Project Success;" and
- Stan Collender, Senior Vice President and Managing Director, Federal Budget Consulting Group, Fleishman-Hillard, Inc., on "The Federal Budget: All Bets Are Off."

And, former Speaker of the House Newt Gingrich will discuss "Transformational Leadership." All in all, this is an event every front-line government finance leader should attend.

To find out more about the Federal Leadership Conference or AGA, please visit our website at www.agacgfm.org/flc/index.htm. To obtain press credentials or to receive additional information on this event, contact Jennifer Curtin at jcurtin@agacgfm.org, or at 864.246.6550. •

CPE Opportunities

AGA has entered into a partnership with SmartPros Ltd., to offer three new subscription products for continuing education on the AGA website at www.agacgfm.org/academy/home.cfm. More than 1,200 hours of courses for finance professionals and government accountants is now available at a discount for AGA members. The specific offerings include CPA Report Government, SmartPros Advantage and Financial Management Network. AGA's online Professional Education Center offers a compelling collection of courses in accounting and auditing, taxation, management, personal development and more.



In need of CPE? Have you visited AGA's online professional development center? Act now and take advantage of great courses, affordable prices and desktop convenience. Visit www.agacgfm.org/cpeonline/index.htm

Washington Chapter 2001-2002 Recognition Program Summary

by Patricia Clark

We are in a good position to meet our goal for the 2001 - 2002 Chapter Recognition Program. Our goal is for our Chapter to obtain all-star status. To receive all-star status designation we have to receive 14,000 points by the end of April 2002. As of 11/15/01, we are more than 50% closer to our goal. The awards will be presented at the 2002 AGA Professional Development Conference & Exposition in Atlanta, Georgia.

Quarterly we report our Chapter's activities to the National Office. The first quarterly report for May, June and July, 2001 activities was submitted on August 15. The second quarterly report for August, September, and October 2001 activities was sent to the National Office on November 13, 2001.

The National Office encourages all chapters to achieve at least 10,000 credits for the year. As said by the National Office, this total represents the level of activity of a well-rounded and "healthy" chapter. Please send your AGA and community service activities to me at clark-patricia@dol.gov. •

Continuing Education Event February 19 & 20
Technology Enabling Financial Management

1000 H Street, NW
Grand Hyatt Hotel in Washington, DC

Financial Management systems for federal agencies have evolved from primarily mainframe, custom developed applications, to standard packages based on the same technology as the systems used by leading commercial sector organizations. Federal agencies increasingly implement financial management systems that are equivalent to the best of commercial systems. Like leading commercial firms, agencies are discovering that the technology to support the powerful new systems is complex and very rapidly evolving. The group of products that support financial systems can be confusing to the non-technically inclined; the standards governing operation and integration of the tools can be incomprehensible; and if the full set of products and software that make the system work are not properly implemented, the financial system as a whole will very likely also fail, as viewed by senior management.

Technology Enabling Financial Management will present a combination of traditional speaker forums and interactive demonstrations by federal agencies and vendors to provide a primer for financial professionals on the products that support financial systems.

Keynote Speaker: Mark Forman, Assistant Director of Information Technology and e-Government, OMB.

Topics Include:

- JFMIP—the latest and greatest
- CMM I—an update to the Capability Maturity Model that address integrated system implementation for packaged applications
- Successful financial system implementations—a round table discussion with executives who have brought new financial systems to full operation recently
- eProcurement—using purchase cards to enable requisitioning and capturing financial information for purchase card transactions
- Electronic signature—technical and policy issues related to using electronic signatures for requisitions, purchase orders, and other funding documents
- Using Enterprise Application Integration (EAIs) to integrate legacy systems
- 508 compliance—the requirements, tools to assess system compliance, and methods of bringing current systems up to the new standards
- Personal Recognition technology for authentication
- Performance and scalability—what it means for us •

To register go to www.agadc.org or call Cis Keunnen, Education Director, 703.364.6051 ams

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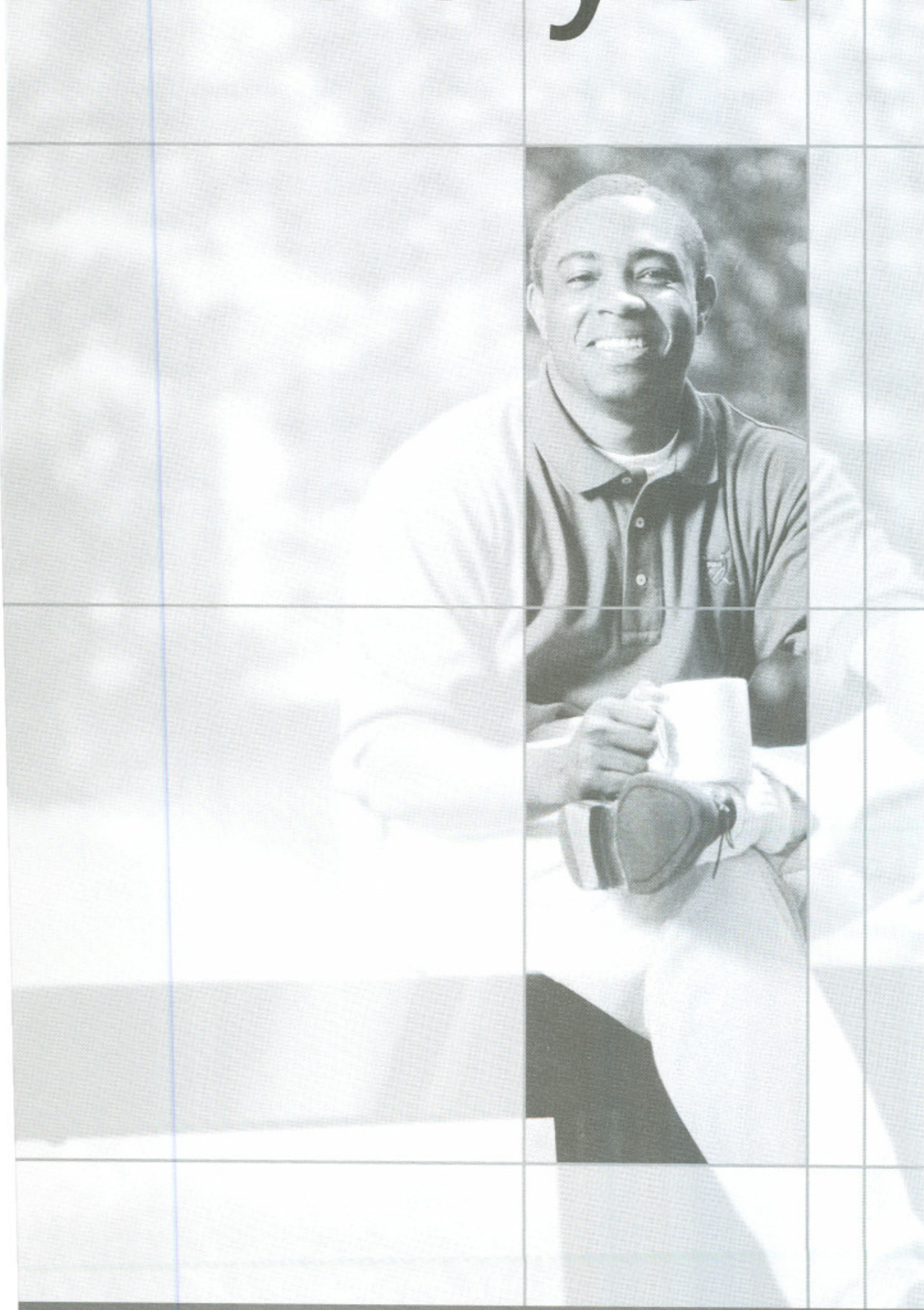

Ideas. Some are larger than others.

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AMS's Federal Solutions Group is seeking accountants with federal experience to join our market-leading consulting practice. These individuals will use their federal government accounting knowledge and expertise to help AMS systems analysts and business consultants upgrade and enhance our financial software solutions for Federal civilian clients.

Requirements include an undergraduate degree, preferably in accounting; successful completion of CPA exam; and 2-5 years of federal government accounting experience.

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