The Washington Connection

What's Inside

Summer Events 1

President's Message.....2

Community Service.....3

DC Chapter Luncheon.....4

CGFM Committee Updates.....6

Training and Conferences.....7

Member Spotlights.....8

Inside the Black Box 12

Thought Leadership Article.....14

Sponsors.....17

AGA DC Chapter Leadership.....32

Contact Us.....35

Summer Events

Thank you!

May 2021 Virtual Luncheon: Thank you to keynote speaker Monica Valentine, Executive Director, Federal Accounting Standards Advisory Board (FASAB), for sharing insight on "FASAB @30."

July 7, 2021, 12-12:30pm (Virtual): Thank you to all who participated in the "Best Practices for Increasing the Adoption of Analytics Across Your Organization" event with speaker, Raan Jeelani; Presented by: *Infor (AGA DC Gold Sponsor)*.

Up Next!

August 14th (Saturday), 7:01pm, Attend the Washington Nats vs. Atlanta Braves Game with the AGA DC Chapter!

September 15th, 12:00pm, AGA & ASMC Annual Golf Tournament, Fort Belvoir Golf Club; Register at: AGA & ASMC Annual Golf Tournament 2021. This event is organized by the ASMC/AGA Washington Chapters.

September 2021 Virtual Luncheon, 9/14, Monthly meeting with a guest speaker from the US Department of the Treasury. Speaker & Topic: TBA

October 2021 Virtual Luncheon, 10/13: Monthly meeting with guest speaker Michael Bingham, Senior Auditor, Financial Management & Assurance, GAO. Topic: *"GAO Standards Update"*

October 21st, 11:30am-1pm, (In-Person SPONSORS ONLY event) - VIP event with Jay Hoffman, Chief Financial Officer, United States Patent & Trademark Office

Hope You're Enjoying Your Summer!
THANK YOU for your engagement this 2020-2021 season.
We look forward to seeing you soon!

President's Message

AGA DC Colleagues and Friends,

By the time you read this I will have finished up my term as AGA DC President! It has been a great year in many ways, and of course a challenging year in many ways. It has been a great honor for me to serve as our chapter's President, and I'm very, very grateful to everyone who has helped make this year a success. We just had an important milestone on June 30th, the last day of my term. We hosted our first in-person AGA DC event since the start of the pandemic on the POV Rooftop at the W Hotel, and it was a great success – we're back!!!!

While it has been difficult not seeing everyone, we've been able to accomplish a great deal, and I'm happy to report out few highlights:

- The Chapter attained Platinum level in the new Achievements in Chapter Excellence (ACE) Awards, the highest level possible.
- Our event related teams adapted to the new demands of running virtual meetings of various types, rolling out and mastering several new technologies. We shifted to new publication software for our Newsletter, made improvements to our website and email publishing software, and significantly ramped up our use of social media.
- The Meetings Committee held the same number of monthly 'luncheons' as a normal year, with the usual complement of great leaders sharing their insights with us.
- The Education Committee ran an intense two day virtual Annual AGA DC Chapter Training Event with the highest attendance we have ever had.
- Member Services still managed to have a few events, and hopefully we'll make up the shortfall by having even more in the new program year. We tried out some great new events that were a lot of fun, like a virtual bingo night and a virtual wine tasting!
- We were able to hold a Virtual Awards Gala that allowed us to celebrate the achievements of our volunteers.

- We've retained the bulk of our members, and in the coming year I firmly believe we will set a new membership record based on the ground work and initiatives from this year.
- Our Chapter exits the year in very solid financial shape. The Corporate Sponsorship Committee managed to both retain almost all of the existing sponsors and even add new ones! They also added new features to our sponsor program that were very well received.

Our incoming President, Al Pavot, has been a volunteer and board member for so many years, so I know that the Chapter will continue to flourish under his very capable leadership. I'm confident that he will continue to support the initiatives that were in progress at the beginning of the year and the various new ones we've started. I look forward to supporting Al and the DC Chapter as Past President.

Thank you all for your support and participation this past year. I appreciate the opportunity I have to be your DC Chapter President and work with our fantastic team of volunteers!

Paul Lionikis

President
AGA Washington DC Chapter

Vision

AGA is the premier association for advancing government accountability. AGA defines government accountability as a government's obligation to the people for its actions and use of resources.

Mission Statement

AGA fosters learning , certification, leadership and collaboration for professionals and stakeholders committed to advancing government accountability.

AGA DC Chapter Community Service

The Chapter offers members the opportunity to "pay it forward" by sharing their gifts and talents with the DC Community through volunteer opportunities in areas such as:

- **Social Safety** - Hunger, homelessness, and unemployment
- **Education** - Literacy and college prep
- **Health** - Awareness for mental, emotional, and physical illnesses
- **Veterans** - Support for service personnel and their families
- **Equal Opportunity** - Diversity and inclusion
- **Capital Causes** - Other local causes

CAPITAL AREA FOOD BANK®

Capital Area Food Bank | Capital Causes

The Community Service Committee **collected $125.00 during the April 2021 luncheon to support Capital Area Food Bank (CAFB).**

CAFB is the anchor of the hunger relief infrastructure in our region, providing more than 45 million meals in communities across D.C., Maryland, and Virginia. CAFB believes that a long-term solution to hunger requires more than meals; it requires education, training, and opportunity. In addition to providing food for today, CAFB addresses the root cause of hunger by partnering with organizations that provide critical services like job training programs and health care.

Visit https://www.capitalareafoodbank.org/impact/ to learn about volunteer opportunities and read ongoing updates about CAFB community support and crisis response.

We hope you will join us in participating in all or some future community service opportunities.

We invite you to share photos on the impacts you are making and thoughts on how we can support your cause by connecting with the **Community Service Committee.**

As always, thank you, for everything you do to make an impact in our community. Be well and stay safe!

Wendy Cheung and Jesse Carpenter
Co-Directors
AGA DC Chapter
Community Service Committee

YLF

Youth Leadership Foundation | Education

The Community Service Committee collected $30.00 during the May 2021 luncheon to support the Youth Leadership Foundation (YLF).

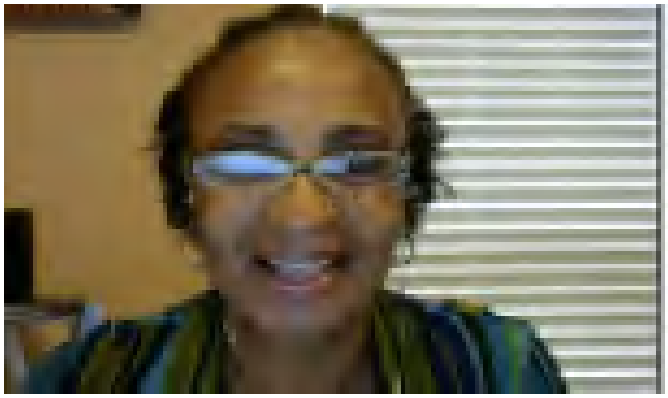
YLF serves over 350 underserved students in our Nation's Capital with its quality mentoring programs in seven schools across the city. YLF serves third through twelfth-grade students after school, on Saturdays, in summer, and now, virtual mentorship. Their program features one-on-one mentoring, formative talks about character, intentional engagement of parents, and dedicated time to give back to the community.

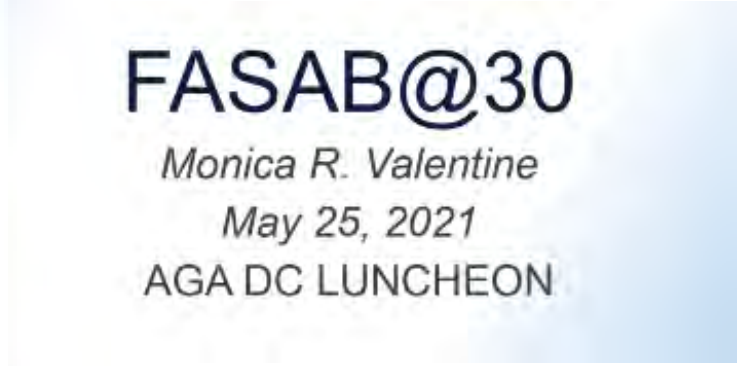
Visit https://www.helpingkids.org/about-us to learn about YLF's values and programs that positively impact students in Washington, D.C.

AGA DC Chapter May Virtual Luncheon

"FASAB@30"

Our Chapter held a virtual luncheon "*FASAB@30*" on May 25, 2021. We welcome **Ms. Monica Valentine**, Executive Director of the Federal Accounting Standards Advisory Board (FASAB), as our virtual luncheon speaker.





Monica discussed the history of FASAB as the Federal accounting standard setting body and its critical role for the Federal financial management community. Monica celebrated achievements made by the FASAB and defined the past three decades of FASAB history as: development years during the 90s; refinement years during the 2000s; and growth years during the 2010s. Monica also provided attendees a look-ahead of FASAB's exciting future plans during the current reevaluation years. Monica also answered questions submitted by virtual luncheon attendees.

Andreia Bodale

The AGA DC Chapter extends a special thank you to our Corporate Sponsor, **Guidehouse**, and to **Ms. Andreia Bodale**, Director of Guidehouse, for her introductory remarks. Thank you to our 141 attendees who joined our May 2021 Virtual Luncheon, and again to **Ms. Monica Valentine**, as our speaker for her thoughts and insights!

Special Thank You

The AGA DC Chapter extends a very special thank you to all who participated and supported the following featured events hosted by AGA DC Member Services.

- **Virtual Wine Tasting** – June 17th, 2021, 6:30 pm – 9 pm. This Zoom event featured a professional Sommelier and at-home wine delivery.
- **AGA DC Program Year-End Networking Event** – June 30, 2021; 6pm - 8pm, at the POV Rooftop (W Hotel), Washington, DC. This was our first in-person event since the pandemic, and we hope everyone enjoyed the safe and fun experience.

NEW Benefits to our DC Chapter Members!

A DC Chapter member-only portal has been established on the AGA Washington DC Chapter website where you can find archived copies of luncheon speaker presentations from this program year-to-date. *Please note that CPE will only be provided for attendees of the live event; members who watch the downloaded recording will not receive CPE at this time.*

To access past recordings of our luncheon speaker presentations, please visit our chapter website and select the menu section **"Members Luncheon Videos"** or visit this direct link at:

https://www.agacgfm.org/Chapters/Washington-DC-Chapter/Sign-in.aspx?RET=/Chapters/Washington-DC-Chapter/Members

Please Note: Login and password are the same as your access to the AGA National website.

Meetings Committee Members:

- Veronica Baird (Director)
- Alexis Alfaro
- Jarrod Lesso Areeba Rizvi
- Wendy Schiffman

Programs Committee Members:

- Frank Petersen (Co-Director)
- Bo Shevchik (Co-Director)
- Peter Moore

CGFM Committee Updates

A Certified Summer

Kick off your summer with a career boosting change. Consider the Certified Government Financial Manager certification, a respected credential that recognizes the specialized knowledge and experience needed to be an effective government financial manager. Learn more about the CGFM by clicking this link.

We Will Help

The AGA DC chapter CGFM Committee continues to support our members by providing the following:

- **Training Modules, Study Guides, and Practice Exams** – AGA DC is reimbursing members for training modules, study guides, and practice exams. The maximum aggregate reimbursement for any member is $125. We only have a limited amount of rebates available so it is first come, first served. Please submit the following to Sara Specht at sspecht@cricpa.com if you are interested:
  - Proof of scheduled exam
  - Proof of payment
  - Mailing address
  - AGA member number
- **Exam Rebate Initiative** – Take the exam, pass it, and we will reimburse you the cost. Cost of each exam is $125. Please submit the following information to Sara Specht at sspecht@cricpa.com to qualify: Copy of passing certification, Proof of payment, Mailing address & AGA member number.

FAQ: What are the Qualifications for the CGFM?

- **Education Requirement** – A bachelor's degree from an accredited college or university is required to take any of the CGFM examinations.
- **Experience Requirement** – CGFM candidates must have at least two years of experience in government financial management prior to designation as a CGFM. Experience is not necessary to sit for the exams; however, documentation of professional experience must be filed and approved by AGA before the CGFM designation can be granted. For more information, and to apply, visit here.

NEW CGFMs

Congratulations to the following members obtained their CGFM March through April 2021!

Jamison L. Howell, CGFM

Brooke Dickinson, CGFM

Brian Robinson, CGFM

Ryan A. Breeden, CGFM

Daniel A. Laryea, CGFM

Quinn R. Bledsoe, CGFM

You should be very proud of your accomplishment!

Have questions? Check out our CGFM chapter web-page at this link.

Alternatively contact Shawn Syed at shawn.syed@syedandassociates.com

Training & Conferences

AGA DC Sponsored Training & Events

****Special Event****

When:

10/21/2 — 11:30am-1pm, EDT (In-Person Sponsors-Only Event) The Hamilton, Washington, DC: "VIP event with Jay Hoffman CFO, USPTO" - Special Event for AGA DC Chapter Corporate Sponsors.

***

DC Chapter members are provided FREE training opportunities throughout the year — thank you, Sponsors!

These training sessions or product demos are informational only. **CPE will not be provided.**

Virtual Training (please note): Advanced registration is necessary to gain a personal log in. You will receive one email with instructions to finalize your registration, and a second email from customercare@gotowebinar.com with access links prior to the scheduled date.

***

For questions regarding Sponsor Training and Events, please contact Paul Marshall at pmarshall@milcorp.com.

**** SAVE THE DATE****

AGA DC Audio Training Schedule

The AGA DC Chapter will host the following AGA National audio training sessions throughout the 2020-2021 program year.

Cost:
There is no charge for AGA members in good standing for these events and attendees will earn two (2) CPE credit hours.

When:

09/08/21 — Communication
10/06/21 — Internal Control
11/3/21 — Ethics
12/8/21 — Performance Management
01/12/22 — Uniform Guidance
02/02/22 — GASB Update
03/02/22 — Improper Payments
03/23/22 — Cybersecurity/ERM
04/06/22 — Ethics
04/20/22 — CARES Act
05/11/22 — Fraud/Data Analytics
06/08/22 — Leadership

For more information on this audio conference and the full schedule of AGA National's audio conferences please visit the AGA National website at: AGA DC Webinars

For more information please contact:

Mona Amatie | **mamatie@aoc.gov**

**** SAVE THE DATE ****

Member Spotlight

Stephanie Mango, CGFM, PMP

President, CGI Federal

AGA-DC: Congratulations on your recent appointment to the President of your company! What are your visions and priorities as you assume your new leadership role? What do you see as the future for the financial management sector?

Stephanie: Thank you. It is an honor to have the opportunity to lead CGI Federal's 7,000 professionals who are passionate about providing mission-critical services to federal agencies. It is an exciting time for our industry with a lot of change. My top priority is ensuring we remain optimally equipped to partner with our clients through this evolution. Much of that comes down to continuing to foster the best of our culture – empowerment, inclusion, transparency, positivity, and measured risk-taking.

Looking forward, I believe data continues to proliferate, and savvy financial management leaders will treat data as their most valuable resource.

AGA-DC: Shared services have come a long way for the federal government, and you have assisted your clients to explore and implement shared services options during all these years. What do you think about the current state of shared services in the federal government, including the current Quality Service Management Offices (QSMO) effort, and the future directions of shared services implementation?

Stephanie: With an outcome-based focus, shared services allow agencies to realize both, efficiency, and efficacy gains. The QSMO effort is a great example of this, allowing a central resource to manage the market for key services like cybersecurity, financial management, and HR, freeing up agencies to focus on their mission and delivering value to the American public.

To accelerate shared services and continue bringing value it will be important to limit blockers and adopt an agile and transparent approach. We need to create standards that allow for a common understanding of what shared services should provide. By defining the outcomes, we can both guide providers in developing the needed capabilities, and manage the expectations of federal agencies and organizations that are receiving the services.

We have to ensure that we have a market where supply and demand work together so that the market has the right number of service providers and providers are incentivized to invest in the market. That is the critical mission for the QMSO. As the federal government and industry work together to shape and define shared services, we must stay agile and ready to adjust in order to propel it forward further.

AGA-DC: You're a founding member of Chief Washington DC, a network that connects and supports women leaders. Can you tell us more about Chief and how it helps to empower current and future women leaders?

Stephanie: Chief is a network built to drive more women into positions of leadership, with the objective of having them stay there. It provides the connection and support for women leaders. Currently, women hold only 23% of executive roles. At the current rate of change, it will take over 200 years for women to reach parity in business. The pandemic has also negatively impacted women disproportionately. Through this community, Chief enables women leaders to strengthen their leadership journey, cross-pollinate ideas across industries and affect change from the top-down.

Member Spotlight Cont'd.

AGA-DC: As an AGA-DC Chapter member, what value have you found from the membership?

Stephanie: Not only am I a longtime member (over 15 years), but I'm also a Certified Government Financial Manager (CGFM), with a degree in accounting, and a career in financial management. I thought I knew the field well, but federal is different from commercial, and the process of earning the CGFM certification deepened and expanded my understanding earlier in my career. Beyond that, AGA provides support and collaboration to work on the toughest government challenges, like skill gaps in the workforce, and implementing automation.

My involvement in AGA helped me stay informed and current on what federal agencies were looking for from my work on, for example, shared services implementation. AGA also provides opportunities to conduct candid conversations about how technology can be applied to improve services to the country.

AGA-DC: Leaders are often being asked "what keeps you awake at night?" However, I'm sure any positivity we can hear and learn is certainly welcome these days. With that, what keeps you motivated each day?

Stephanie: What keeps me motivated each day is the privilege of working with colleagues who are committed to providing mission-critical services to federal agencies to enhance citizen engagement, accelerate digital transformation, protect America's assets, modernize operations, and empower the federal workforce of the future. Our customers fulfill their missions more effectively and efficiently with our help, and that benefits everyone who needs their services.

I have worked with the government for 26 years, in a wide variety of different roles, and have seen, firsthand, how the contributions of our workforce have shaped the success of our clients, our business and our communities. It's a remarkably fulfilling place to be in my career, and I'm excited to take CGI Federal to the next performance curve.

AGA-DC: Thank you for your time and insights, Stephanie!

The contents of this interview had been condensed and edited for length and clarity.

CGI Federal is a Diamond sponsor of our AGA-DC Chapter.

Stephanie Mango, CGFM, PMP

President, CGI Federal

Education:
Master of Science, Management of Information Systems, University of Virginia

Bachelor of Science, Accounting, University of Virginia

Hometown: Oakton, VA

Fun Fact: An avid theater geek for many years, taking classes and working behind the scenes building sets for her alma mater. Stephanie's secret hobby is playing with power tools! Served as assistant stage manager at a University production of Cabaret starring Tina Fey.

Community: Volunteers as the Treasurer for the local *Moms of Multiples Club*.

Professional Experience:

- Over 26 years of experience, including 17 years of executive experience at CGI Federal, leading financial management and procurement shared service implementations across the Federal government. Focusing on leveraging innovative business models and solutions to drive efficiency, effectiveness and desired outcomes for the Federal government, Stephanie champions IT consolidation, standardization and optimization, and the shared services model as means to achieve those ends in a cost-effective way.
- Prior to becoming the President of CGI Federal in March 2021, Stephanie led CGI Federal's Security, Assistance, Justice and Health Programs business unit. In that role, she led the development and execution of the business and solutions strategy for a diverse client portfolio, including civilian, defense, intelligence community, and legislative and judicial branches.
- Serves on the IAC Executive Committee (part of the American Council for Technology-Industry Advisory Council) and the Shared Service Leadership Council Board of Directors; served as and is a founding member of Chief Washington DC, a network that connects and supports women leaders.
- Won a Pinnacle award for National Security Executive on behalf of her team's delivery of innovation in cybersecurity and a Federal 100 award for her advocacy of shared services in driving efficient and effective government. A finalist in the WeQual Awards for Leadership Excellence and inducted as a WeQual member.

AGA History:

- AGA CPAG Committee Chair in 2017
- San Francisco Chapter President Elect in 2008

Member Spotlight

Craig Freeman

Candidate, Master's of Accountancy, George Washington University
Incoming Federal Audit Associate, KPMG, LLP

AGA-DC: How did you first learn about the government audit community and AGA, as well as the audit internship experience you had?

Craig: My first introduction to the government audit community was during my internship with the Office of Inspector General (OIG) at AmeriCorps (formerly Corporation for National and Community Service). I received an email during the summer of 2018 about an internship opportunity, and it was the first time I had heard about the Federal sector of auditing. I was intrigued and decided to apply for the Fall 2018 internship, excited to learn and work in a part of accounting that was unfamiliar to me. My Audit Manager boss during the time at the internship was a great mentor and introduced me to the government audit community and AGA, and he encouraged me to join. I enjoyed my experience at AmeriCorps OIG and decided to come back for a full year in Fall 2019. My time at AmeriCorps OIG helped me learn a lot about the government audit community and my introduction to AGA was a huge part in why I wanted to continue in the Federal audit sector after college.

AGA-DC: Besides your past internships at AmeriCorps OIG and KPMG, you're still serving as a Teacher's Assistant (TA) at George Washington University. I understand being a TA plays a big role in your university experience. How does your TA experience help you to prepare for your future career?

Craig: I have thoroughly enjoyed being a TA at GW and have done it for five semesters now, because it gives me the opportunity to mentor accounting students when they're just starting out in their introductory courses. Being a mentor for these students is great because I always enjoyed the mentors I had in college. I also work with many students who don't major in accounting and are taking it as a required course, and I enjoy that too because it's nice to see them develop an understanding of fundamental accounting concepts and to see them learn why financial literacy is important for everyone and how it impacts their lives more than they ever thought.

Being a TA is helpful in preparing for my future career because it keeps a lot of accounting concepts fresh in my mind, especially when I study for the CPA exam. I find that repetition is key in mastering important accounting concepts, and by being a TA and a tutor I was always using and teaching the material, so it never left me. This became very helpful in a lot of areas for the CPA exams.

AGA-DC: Congratulations on already passing three parts of the CPA exam while you're studying your master accounting program! Any advice you can share with other fellow students and young professionals who are also studying the CPA exam and/or getting their master's degree?

Craig: Studying for the CPA exam is a long and daunting task, so it's good to mentally prepare for that time commitment ahead of time. I started studying knowing it's going to take the better part of a year, so I was never frustrated with that time commitment during that time. I decided to study for the exam while getting my master's degree, which is a hard task, but I knew that was what was going to work for me. I was already in the mindset of studying for my accounting classes, so studying for the CPA exam was not too different, and a lot of my classes helped with the CPA exam material. I would suggest trying to do the same thing, or studying for the CPA

Member Spotlight Cont'd.

exam shortly after, because a lot of the material overlaps. My best advice for studying for the CPA exam may seem cliché, but set a timeline and schedule that works best for you. The end goal is to pass all four parts, and the only person who can get it done is you! Everyone might have different study habits and tactics, but following what works best for you will ensure the best success.

AGA-DC: You're from New Hampshire and have a very close tie with a local diner for many years back home. What's your favorite dish you would like to recommend to Washingtonians?

Craig: Lobster in the summer is a staple in New England and we normally feature a lobster omelet and benedict on our menu that the locals love and tourists try (and hopefully love as well). I don't eat seafood, but I would have to say that it is a must try if you can find it (any good diner will have it). If you're taking my recommendations, any good homestyle diner will serve up some great homemade baked beans for breakfast, which may seem weird for breakfast, but trust me, they pair well with eggs and toast!

AGA-DC: What keeps you motivated each day?

Craig: I try to find different motivations in every aspect of what I do. When I was TAing and tutoring students in accounting I was motivated by seeing their growth throughout the semester and sometimes even encouraging a few to become accounting majors! I found a great appreciation during the pandemic to do at least one thing every day that I enjoy, that has nothing to do with work, school or studying. I found that I had a lot of hobbies I never knew I had. Finding these new hobbies and incorporating them into my daily routine gave me a lot of motivation this past year. I'm also motivated by knowing that what I'm doing has an attainable result. Although studying for these CPA exams and going to school was hard, knowing that the end goal was something I had aspired to for a while has always kept me motivated to follow through.

AGA-DC: Thank you for your time and insights, Craig!

The contents of this interview had been condensed and edited for length and clarity.

Craig Freeman

Masters of Accountancy Candidate at George Washington University & Incoming Federal Audit Associate at KPMG, LLP

Education:

Masters of Accountancy Candidate, George Washington University

Bachelor of Accountancy, George Washington University (2020)

Hometown: Nashua, New Hampshire

Fun Fact: I've a twin sister back home in New Hampshire, and we are very different from each other.

Professional Experience:

- Audit Intern, KPMG, LLP.
- Audit Intern, Office of Inspector General, AmeriCorps (formerly Corporation for National and Community Service): Assisted audit team in monitoring activities of CPA firms' audit work, performing Federal grant audit fieldwork, and analyzing grantees' single audit results.
- Teacher's Assistant, George Washington University Department of Accountancy: Assisted accounting professors in teaching financial accounting concepts to university students; held one-on-one tutoring sessions.
- Research Assistant, George Washington University Department of Accountancy: Analyzed company press releases and SEC filings for specific company announcements to further research projects conducted by accounting professors.

AGA History:

- Public Company Accounting Oversight Board (PCAOB) Scholar (2020-21 academic year)
- Recipient of the George Washington University Presidential Academic Scholarship, 2016
- Performance awards at AmeriCorps OIG
- Graduated Magna Cum Laude with Bachelor of Accountancy

Inside the Black Box

by Simcha Kuritzky, CGFM CPA

Revenue vs. Expense

Introduction

Statement of Federal Financial Accounting Standards (SFFAS) 54 on leases includes a peculiar turn of phrase in paragraph 32 which gave me pause. Suppose a lessor pays moving costs or makes some other outlay to or on behalf of the lessee. How does the lessee account for this? The Statement says that for intragovernmental leases, "Lease incentives should be recognized by the lessee as deferred revenue when received from the lessor and then as reductions of lease rental expense on a straight-line basis over the lease term.." Since when is revenue an expense? Remember that intragovernmental leases are always treated as an operating lease under SFFAS 54, in part because any asset or liability created by capitalizing the lease would be eliminated when producing the Government-wide financial statements. So lease payments between agencies are always treated as rental expense to the lessee and rental revenue to the lessor.

Substance

I have no qualms with the substance of the guidance. Basically, just as an entity may capitalize a disbursement as a capital asset and then expense it over the life of the asset, this guidance says an entity should do the same to a collection (if reimbursement is actually received) or imputed collection. It's not revenue, but a reduction to expense, so the capital account is a liability and not an asset. But what to call the liability? Calling it deferred revenue and then contra-expensing it does not sound correct. Looking through some accounting glossaries, the best I could find was Deferred Credit, which, at least, un-links the liability from revenue.

The next question is: what SGL account would we use for this liability? Account 232000 is called Other Deferred Revenue, so it seems likely FASAB had this one in mind, although the only transactions that debit this account credit revenue or loans-related accounts. Another problem with 232000 is that some transactions show 232000 as funded (e.g., C114) while others show it as unfunded (e.g., B602). So, this doesn't look like a good account to use for this purpose. Fortunately, there are other good candidates, as shown below.

Another important question is: Should the lease incentives impact the budget? Originally, I thought they should be as follows: Suppose an agency signs a five-year lease with another agency for a building, paying one million dollars each month. The lessor pays $240,000 for the lessee's move. The imputed expense capitalization under the funded model would be:

Debit	610000	Operating Expenses	$240,000
	461000	Allotments – Realized Resources	$240,000
	310700	Unexpected Appropriations - Used	$240,000
Credit	219000	Other Liabilities with Related Budgetary Obligations	$240,000
	490100	Delivered Orders - Obligations, Unpaid	$240,000
	570000	Expended Appropriations	$240,000

The posting for the monthly lease payment would be split between rental expense and relieving the deferred credit $240,000 / 60 payments = $4,000) as follows:

Debit	610000	Operating Expenses	$996,000
	219000	Other Liabilities with Related Budgetary Obligations	$4,000
	461000	Allotments – Realized Resources	$996,000
	310700	Unexpected Appropriations - Used	$996,000
	490100	Delivered Orders - Obligations, Unpaid	$4,000
Credit	101000	Fund Balance with Treasury	$1,000,000
	490200	Delivered Orders - Obligations, Unpaid	$1,000,000
	570010	Expended Appropriations	$996,000

I find this model convoluted. I think it is much simpler to recognize unfunded expense and liability when the incentive activity takes place, then effectively back this same entry out over time. This also links expenditures only to expenses actually incurred by the lessee. What I think would be best would be:

B423 Record a lease incentive liability (similar to B424 for contingent liabilities)

Debit	679000	Other Expenses Not Requiring Budgetary Resources
Credit	299000	Other Liabilities without Related Budgetary Obligations

This would be posted by the lessee for the full amount of the costs assumed by the lessor when they take place, then reversed monthly over the life of the lease as it appears above, or using 671000 Depreciation, Amortization, and Depletion instead of 679000. One advantage of this posting is that it is independent of the lease payments, so it does not have to be managed by the same person recording the lease payments. So the rental entry would be the normal entry as if there were no lease incentive:

Debit	610000	Operating Expenses	$1,000,000
	461000	Allotments – Realized Resources	$1,000,000
	310700	Unexpected Appropriations - Used	$1,000,000
Credit	101000	Fund Balance with Treasury	$1,000,000
	490200	Delivered Orders - Obligations, Unpaid	$1,000,000
	570010	Expended Appropriations	$1,000,000

The amortization entry can then be made independently of the payments as follows:

Debit	299000	Other Liabilities without Related Budgetary Obligations	$4,000
Credit	671000	Depreciation, Amortization, and Depletion	$4,000

This mirrors the capital lease entries where a depreciation entry is entered independent of the lease payment.

Conclusion

Revenues are not expenses or reductions to expense, and so it doesn't make sense to say one is amortizing deferred revenue by reducing expenses. The guidance really should say the agency recognizes a deferred credit, or use the more generic term liability, when a lessor gives a lease incentive to the lessee. While the guidance does not say how budgets should reflect this, the emphasis on expenses, which are proprietary, seems to support treating the liability as unfunded. This also avoids issues concerning transferring the accrual balance to the next year's budget when paying rent out of a single-year appropriation.

Thought Leadership:

Data Analytics Automation: How Public Sector Companies Can Take Controls Testing to the Next Level

By: Caitlin McGurn, Partner, Financial Services, and Farhan Bandukda, Associate Director, Financial Services, Guidehouse

Government and public sector organizations today are under enormous pressure. They are constantly working to generate more value, enhance their operational efficiencies, and attract and retain skilled employees—all while facing increasing levels of risk and public scrutiny.

Within this challenging environment, the importance of having meaningful governance and effective internal controls has never been greater. The challenge is that managing and monitoring internal controls is a complex, time-consuming, and highly manual exercise.

In 2019, Guidehouse partnered with the Association of Government Accountants on an intelligent automation survey. A large majority of respondents to this survey saw considerable potential for the use of automation in the government audit process—with 83% saying it could improve data accuracy, 80% saying it could improve data availability, 60% suggesting it could improve security of information systems by reducing human error, and 50% believing it could reduce the complexity and cost of audits.[1]

While many controls testing groups within government and public sector organizations see enormous potential for data analytics automation to help them enhance their management of internal controls, far fewer have moved forward with integrating automation into their activities. This is because it can be very difficult for controls-testing groups to determine how to move forward with integrating data analytics automation within their activities at a level that meets assurance standards.

In this position paper, we explain what data analytics automation is and examine the key factors driving its use before introducing our four-step approach to helping organizations more

effectively integrate data analytics automation into their controls-testing processes. Whether you are new to the concept of using data analytics automation or want to enhance your approach, this paper will give you a strong place to start.

What is Data Analytics Automation?

Data analytics automation refers to the use of innovative technologies, tools, and processes to perform specific analytical tasks independent of a human being. For example, in the controls-testing process, it can be used to automatically review invoices and confirm whether approvals occurred according to an organization's previously defined procedures.

Key Drivers of Data Analytics Automation

Similar to many businesses in the private sector, government, and public sector organizations are under intense pressure to achieve more value with constrained or limited resources. Data analytics automation is seen as a major way that controls-testing groups can reduce the manual effort required to conduct controls testing while maintaining risk management program integrity and driving efficiency. Data analytics automation is expected to help controls testing groups:

- **Improve cost effectiveness**: Organizations can use open-source software to reduce some licensing costs, while automating tests where

[1]Caitlin McGurn, "2019 Automation Survey: Automation and the Government Finance Office of the Future," February 24, 2020, Guidehouse, https://guidehouse.com/insights/financial-services/2020/public-sector/2020/2019-intelligent-automation-survey-aga

data is available can reduce manual effort and potentially increase the amount of testing that controls-testing groups conduct.

- **Enhance efficiency and optimization**: Taking time to develop repeatable codes and scripts can enhance efficiency and optimize the process of controls testing over time. It can also reduce the number of time-consuming manual tasks that need to be conducted, allowing employees to focus on higher value activities.
- **Conduct wider population testing**: Whereas human-led controls testing typically involves sampling and testing, data analytics automation, in most cases, can review entire populations of activities for discrepancies when data quality is strong. It can also be used during the planning phase to perform exploratory analysis to understand trends, anomalies, and potential outliers.
- **Increase the level of assurance**: Using data analytics automation as part of the controls-testing process can reduce potential human error, support more targeted risk testing based on high risk areas identified during data exploration, and allow for more complete testing, rather than sampling. This can give government and public sector organizations a higher level of assurance for controls compared to traditional testing approaches.

Integrating Data Analytics Automation Within Controls Testing

At Guidehouse, we have worked with a wide range of local, state, and federal governments and broader public sector organizations to implement or enhance their use of data analytics automation in controls testing. Through our work, we've developed a scalable four-step approach to data analytics automation integration focused on creating repeatable, reliable, and sustainable value for our clients. Below, we provide a brief overview of each stage in the data analytics automation integration process.

1. Understanding Where the Organization is Today

Integrating data analytics automation into controls testing can be a challenging task, particularly for organizations that have not completed the foundational work required to ensure automated tasks are accurate and reliable. Before creating a strategy and roadmap for how a controls-testing group can move forward, it is critical to determine where they are on the data analytics automation maturity scale.

Organizations that fit within the Newly Developing stage will likely need to conduct a significant amount of groundwork upfront to ensure they are well-positioned to use data analytics automation effectively. As organizations move up the maturity scale, they will be able to enhance their use of data analytics automation until it is fully integrated within their controls-testing activities.

2. Develop a Robust Data Analytics Automation Framework

To improve the outputs of controls testing, reduce potential risks, and create long-term sustainable value from the use of data analytics automation, organizations should clearly document their data analytics automation framework. They can then use this framework as a guide for implementing and enhancing data analytics automation activities over time.

A robust data analytics automation framework should include four key components:

Governance	People
• Defining vision and objectives for using data analytics automation • Identified leadership support and ownership for the program • Dedicated budget for implementation and continuous improvement • Determine and procure best automation software to achieve goals	• Well-defined roles, responsibilities, and skill sets required to support data analytics • Clear team structure for managing data analytics automation (i.e., centralized or hybrid) • Identified training based on the needs of the controls-testing group and identified gaps
Methodology	**Technology**
• Defined considerations for integrating data analytics automation within controls testing • Guidance for the use of data analytics automation across the controls-testing life cycle • Clear analytics documentation standards, quality standards, and standardized templates	• Investment in data analytics tools and technologies based on defined needs • Process for reviewing and adapting activities based on new trends and innovations • Dedicated data repositories, computing power, and services to support analytics activities • Documented library of processes to gain access to systems to support data analytics

Organizations should review their framework on a regular basis to ensure that it accurately reflects their activities. This can help ensure consistent and accurate definitions, data, and use of data analytics over time.

3. Assess and Prioritize Areas of Focus

To be most effective, organizations should evaluate their controls-testing activities and related operational processes upfront to determine how they can best use data analytics automation. This can help them prioritize integration activities and create a roadmap for making the changes required to enhance their data analytics automation program—and move up the maturity scale—over time.

Here are factors and organization can use to help assess and prioritize areas of focus:

- **Data quality**: The quality of the data (e.g., complete, accurate, consistent) available for analytics purposes
- **Manual testing vs. script automation**: The time required to develop automation and data analytics scripts/codes compared to manual testing
- **Data availability**: The availability and ease of access to required data—both structured and unstructured
- **Data documentation**: The availability of documentation or a data library that clearly defines required data elements

4. Document the Data Analytics Integration Approach

Once areas of focus have been prioritized, controls testing groups can move forward with documenting and verifying their approach to integrating data analytics automation at each stage of the controls-testing life cycle. This step is critical for ensuring automated controls-testing activities are valid and that any data analytics are being conducted based on complete, accurate, and consistent data. Further, this approach can withstand regulatory scrutiny and is auditable.

Creating Value for the Long Term

Data analytics automation can help government and public sector organizations improve the efficiency and effectiveness of their controls-testing process while freeing up their staff to focus on higher value activities. That said, integrating data analytics automation within an organization isn't an easy task. Controls testing groups need to make sure they have the foundational building blocks in place so that they can use data analytics automation effectively.

Controls-testing groups that take a methodical approach to data analytics automation will be in the best position to enhance leadership trust in key outputs and build momentum for further initiatives. This can help accelerate their journey up the maturity curve and further enhance the value generated from data analytics automation activities over the long term.

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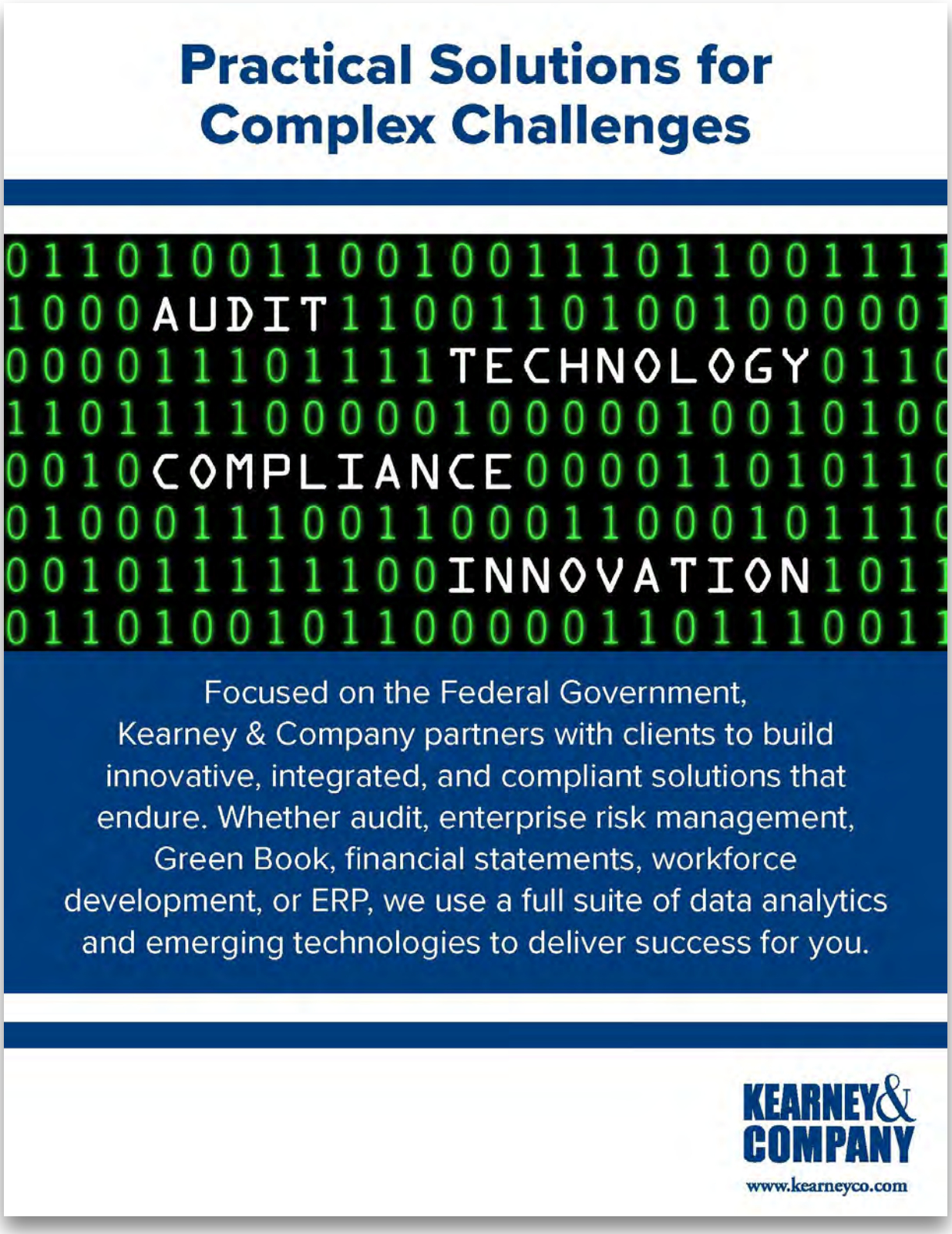

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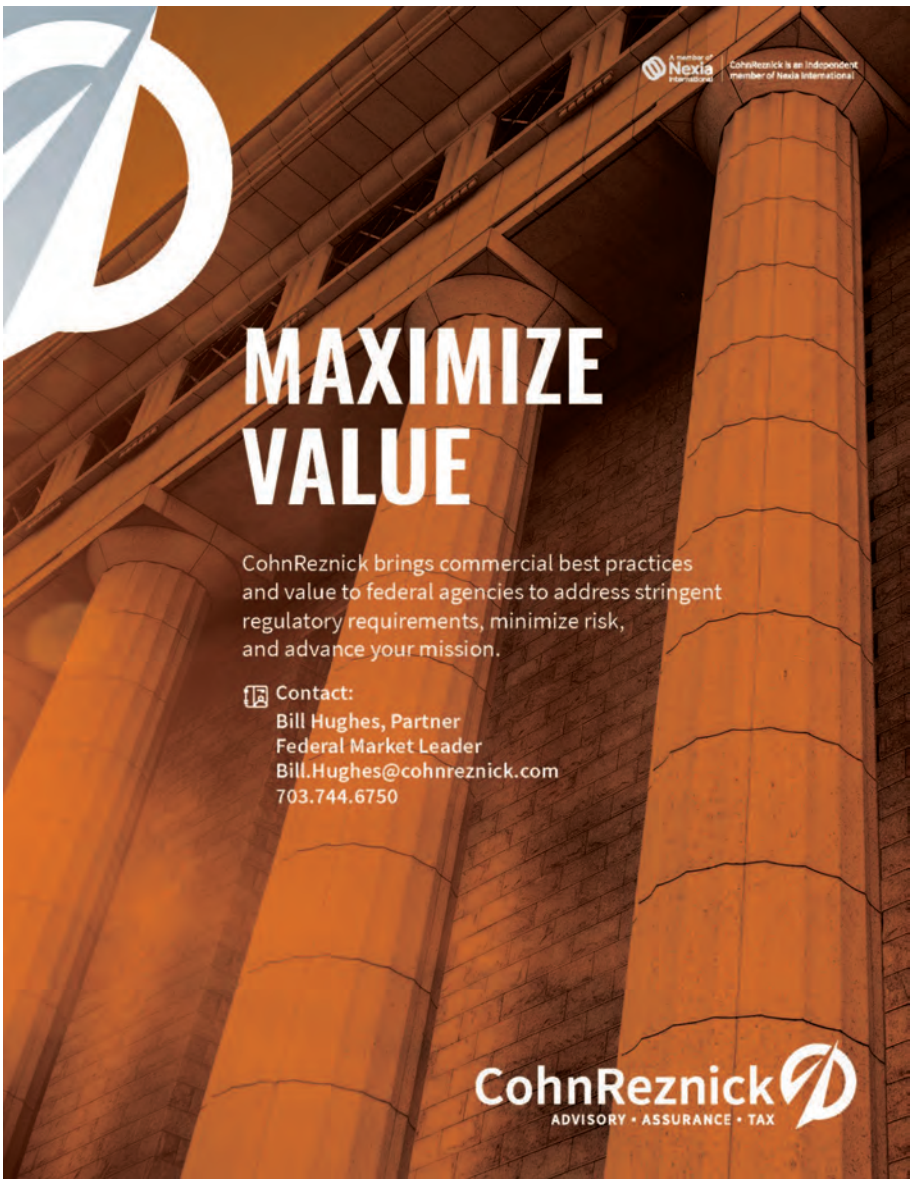

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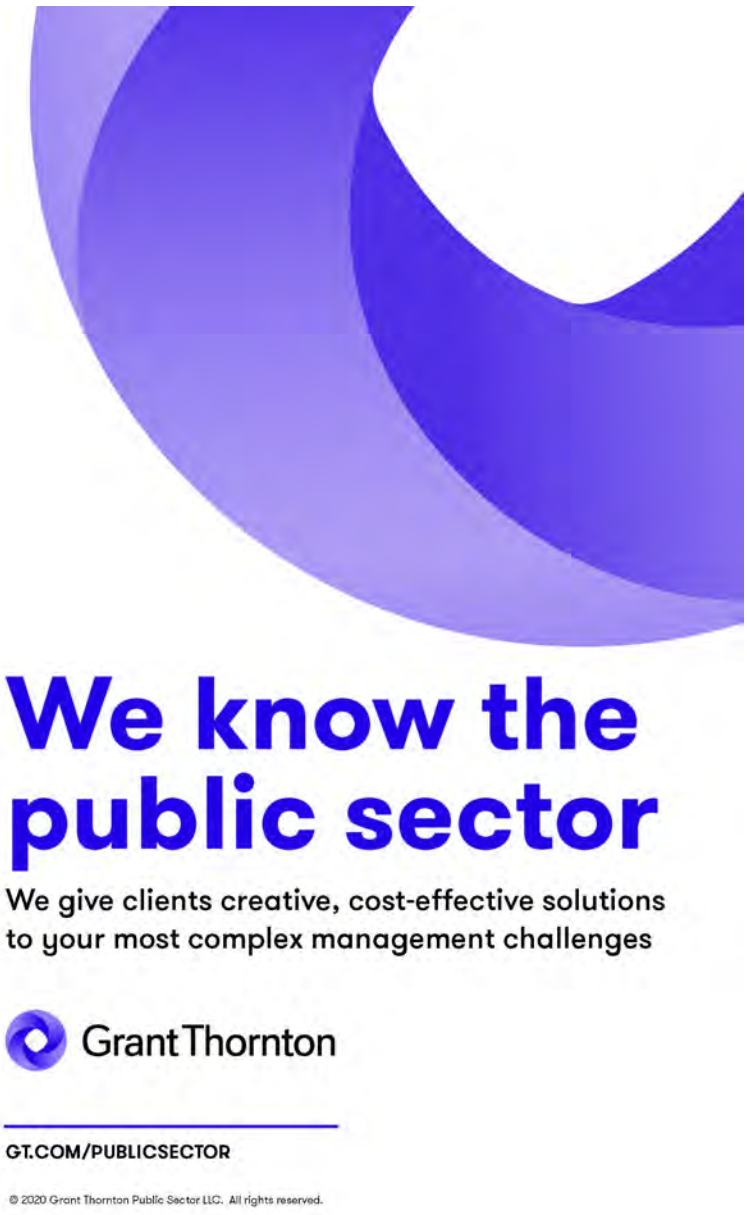

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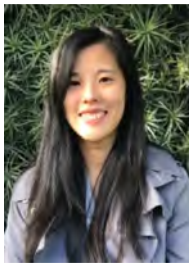

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