

ASSOCIATION OF
GOVERNMENT
ACCOUNTANTS

AGGA NEWSLETTER

WASHINGTON CHAPTER

SEPTEMBER 1983

THURSDAY SEPTEMBER 1, 1983 LUNCHEON MEETING TO FEATURE



DR. ROBERT L. FAIRMAN
Assistant Secretary For Administration
Department of Transportation

speaking on

Views on Financial Management Reforms'

at the

SAM RAYBURN HOUSE OFFICE BUILDING
Room B-338, "C" and South Capitol Streets
Near Capitol South Metro Station

| | |
|---------------|---------|
| Social Period | 11:15 |
| Luncheon | 12:00 |
| Cost | \$10.00 |
| Open Bar | \$3.00 |

For Luncheon Reservations Call 254-9812

Telephone Reservations Accepted Until August 30, 1983

NON MEMBERS WELCOME

All Reservations Guaranteed

Meeting Schedule: Oct. 6 • Nov. 3 • Dec. 1 • Jan. 5 • Feb. 2 • Mar. 1 • Apr. 5 • May 3

PRESIDENT'S MESSAGE



KEN WINNE
Joint Financial Management Improvement Program

I hope everyone enjoyed their summer vacations and are rejuvenated and ready to jump into a new AGA year. It should be an exciting and stimulating year for you—the members—and the Chapter. To make this happen, I have been blessed with an excellent and talented Executive Committee who are already moving ahead. But, both the Executive Committee and I need your continued support to make the Chapter a viable and dynamic organization meeting the needs of its members.

As I mentioned in the May meeting, the goals I have set for the Chapter for this year are:

- Provide interesting and informative luncheon speakers. Tony Gabriel is our Director of Programs and has lined up an excellent slate of speakers. To start the year we have Dr. Robert Fairman, Assistant Secretary for Administration, Department of Transportation, followed by John Block, Secretary of Agriculture in October.
- Have more members attending our monthly meetings. These luncheon sessions are for the membership's benefit, not the Directors, Officers, etc. We are going to call various members each month reminding them of the upcoming meeting. Also, I feel that we have a prestigious and ideal location for our meetings. The Rayburn Office Building has excellent facilities which will meet the needs of our Chapter and is just off the Capital South Metro stop.
- Provide Educational Events which meet the needs of our members. Doris Chew and Ron Lynch, Co-Directors for Education are planning and moving out in this area. At least two Chapter workshops are planned in the fall on "Hot Topics in Financial Management", and a follow-up on a July AGA workshop on "Selecting Microcomputers: Hardware and Software". In December a free workshop on year-end tax planning is scheduled for charter members. Other workshops are tentatively scheduled for 1984. Watch your newsletter for these events.
- Increase our Chapter membership. Most new members join because other members have encouraged co-workers, and other staff members

in their organizations to join the Washington Chapter. I ask your help in this area because, after all, you are the ambassadors for the Chapter. Invite your staff, friends and co-workers to our meetings. The AGA has a lot to offer its members especially in keeping current in what is happening in the financial management community.

- Have more members become active in the Chapter. I am a firm believer that you get from an organization what you put into it. There is a lot of work done behind the scene that I do not think the general membership is aware of. There are many talented people involved but we always need more; especially this year, since the National Professional Development Conference is going to be held in Washington, D.C. We will need many more volunteers to make this conference a success!
- Build the image of financial managers in Government in some way. This may sound a little lofty but it is something we should work at. I personally feel financial managers and Government employees in general get unduly criticized for not doing a good job in managing Government. At least the people I come in contact with in the financial community are intelligent, dedicated and hard working. Credit is not being given where credit is due and it may be because of an image problem. If any of you have any ideas how we can improve in this area or other areas, please let me know on 376-5415.

To achieve these objectives, I need your continued support in the coming year. My door is always open for advice, criticism or whatever. Let us make it work together.

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WASHINGTON CHAPTER Executive Committee 1983-1984

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President-Elect

Virginia Robinson, GAO, 275-5071

Secretary

Ray Kudobeck, GAO, 724-7512

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Judith Boyd, Treasury, 634-5507

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Bob Pewanick, GAO, 275-4897

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Jim Saylor, DOD, 697-0585

Chapter Competition

Diana McDermott O'Neill, Treasury,
634-5718

Cooperation with Educational Institutions

Carol Lynch, Education, 472-2395

Education

Doris Chew, JFMIP, 376-5415

Ron Lynch, Arthur Andersen, 862-3324

Newsletter

George Englert, GAO, 254-9810

Meetings

Sue Fields, NIH, 496-3417

Membership

Susan Lee, Treasury, 395-3967

Programs

Tony Gabriel, USDA, 447-7431

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Loretta Shogren, Justice, 633-3291

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Kathy Fry, NIH, 496-5014

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Tom Hanley, Touche Ross, 452-1200

Employment Referral

Terry Conway, DOD, 697-3192

Financial Management Assistance

Diane Bray, Treasury, 634-5720

Professional Development Conference

Gordon Harvey, 252-1993

Relations with National Office

Adam Shaw, DOD, 697-0585

Research

Ken George, ACTION, 634-9163

Joe Rothschild, HUD, 426-6240

Small Business Education

Chuck McAndrew, GAO, 254-9810

ABOUT OUR SPEAKER THIS MONTH

Dr. Fairman is the Assistant Secretary for Administration, Department of Transportation, and is responsible for the institutional management functions of the department; i.e., personnel, procurement, data processing, financial management, administrative services and management planning. From 1978 through 1981, was Deputy Assistant Secretary for Administration; 1973 through 1978 was the Director of the Management Planning Division, responsible for management and organizational studies and manpower controls; 1963 through 1973 he worked for the National Aeronautics and Space Administration at the Kennedy Space Center in a variety of supervisory industrial engineering and management analysis positions, and; 1959 through 1963 was Chief of the Industrial Engineering Branch, Warner Robins Air Force Base, Georgia. He received a Bachelor of Industrial Engineering Degree from the University of Florida, a Master of Science in Management from Florida State University, and a Doctorate in Business Administration with a major in Management, also from Florida State University. He is a member of the American Institute of Industrial Engineers, and the Academy of Management and Sigma Iota Epsilon. Dr. Fairman and wife Jane live in Annandale, Virginia and they have two sons, Scott and Colin.

SPECIAL FOR AGA WASHINGTON CHAPTER MEMBERS

Season luncheon meeting tickets will be on sale at the registration desk before the September 1, 1983 luncheon. The season ticket price is \$80.00 or \$8.89 per luncheon. This is a savings of \$10.00 over the individual luncheon prices for the season.

If you wish to purchase a season ticket, phone your reservation in before noon on August 30, 1983. On September 1, 1983 go to the season ticket sale line and pay for the ticket. Once you have done this you have saved \$10.00, no longer have to worry about making reservations for the rest of the season and have guaranteed a place for yourself at each and every exciting luncheon this season.

Remember this money saving offer is available only to AGA Washington Chapter members.

AGA Speaks at UDC

The Association of Government Accountants was represented at the University of the District of Columbia's College of Business and Public Management Eleventh Annual Career Symposium. Adam Shaw and Susan Lee sat on panels of speakers representing diverse business careers in the public and private sectors. About 100 students and faculty attended each of the sessions.

Mr. Shaw and Ms. Lee spoke about the requirements of becoming an accountant or auditor in the Federal sector, the opportunities available, and the variety and sometimes unique, duties performed by Federal Government accountants and auditors. They also discussed the benefits derived from membership in a professional organization like the Association of Government Accountants.

**Plan Now For
The PDC
July 9-11, 1984
Washington, D.C.**

CHOOSING A HEALTH INSURANCE PLAN

by Dave Shumate

Continuing increases in national health care costs have, as we all well know, resulted in dramatic increases in health insurance premiums. The premium increases of the past two years, particularly, have caused many more employees than ever before to evaluate and change to other insurance plans. In doing so, federal employees are leading a trend that Congress and the administration would like to see the entire nation follow—increased competition between both health care providers and insurers; and sharing of cost or risk between insurers and consumers.

The structure for competition between health care providers currently exists only in the arena of health maintenance organizations, but health care cost reformers hope that similar competition will develop between insurers, encouraging them to restrict coverage to health care providers who agree to cost restrictions.

Sharing of cost or risk between insurers and consumers, however, is exactly what many federal employees are doing when they switch from certain insurance plans with high premiums to plans with lower premiums. (In many cases they are also pooling their risks with a different type of health care user—a group not planning to incur substantial expenses, for various reasons.)

In selecting among alternative health plans, many factors must of course be considered—catastrophic protection being a major one. But essentially what an employee wants is the best average reimbursement or payout per premium dollar. It is here that many employees either may not be aware of, or may forget about, a peculiarity of the federal health insurance program. This is the formula and the associated limit applied in calculating the *government's share* and the *total premium* to be paid to each of the 131 different plans. Prior to reaching the government contribution limit, the government pays three-fourths of the total premium for many of the most popular plans. After the limit is reached, the employee bears 100% of the additional total premium.

The wisdom to be seen here is that an employee can expect to get the most bang for his or her buck by choosing a health plan for which the *employee's* premium is at or near one-third of the current government contribution limit. By choosing a plan for which the *employee's* premium is substantially above the limit, the employee pays a proportionately higher premium but the *total premium* is not proportionately higher. Also, by choosing a plan having an *employee* premium substantially below the limit, the 75% government contribution is proportionately reduced, and the *total premium* is thus greatly reduced. This results in an application of the proverb "You can't squeeze blood from a beet". In other words, if two or

more alternative plans *appear* to provide comparable benefits or average reimbursement, a rational person would expect one that has the highest *total premium* to have the highest overall payout rate. As a corollary, the total payout cannot generally be expected to exceed premium income.

Once an employee decides to bear a higher proportion of potential costs in exchange for saving significant premium expense in "good" years, he or she may want to select a plan in which the premium element of total out-of-pocket costs are born most heavily by the employer, taking full advantage of this particular fringe benefit.

All federal payroll offices have a chart showing the employee and agency premium contributions for health plans. The chart for 1983 reveals that the government contribution limit for this year is \$21.27 for self-only plans and \$47.54 for family plans, *per pay period*. A glance at the figures for three of the more popular plans shows differences between *employee* premiums of 100% to 300%, with corresponding differences between *total premiums* ranging from only 36% to 87% respectively.

| | PLAN A | PLAN B | Differences |
|-------------------|---------|----------|-------------|
| Employee contrib. | \$13.65 | \$ 26.88 | 97% |
| Agency contrib. | 40.95 | 47.54 | |
| Total Premium | 54.60 | 74.42 | 36% |
| | PLAN B | PLAN C | |
| | \$26.88 | \$ 54.50 | 103% |
| | 47.54 | 47.54 | |
| | 74.42 | 102.04 | 37% |
| | PLAN A | PLAN C | |
| | \$13.65 | \$ 54.50 | 300% |
| | 40.95 | 47.54 | |
| | 54.60 | 102.04 | 87% |

If you are curious as to which plans these are, and what the corresponding ratios are for other plans, see your payroll office.

SMALL BUSINESS EDUCATION COMMITTEE REPORT

Charles McAndrew has been reappointed Chairman for the Small Business Education Committee. This Chapter is offering a basic training course in Accounting and Financial Management. This elementary course is designed to give participants a basic understanding of accrual accounting principles and procedures and the ability to set up and keep a simple set of accounting records for a small business.

This course will be for a period of 32 hours for two months beginning September 12, 1983. It will be held at the Amphitheater of the Federal Home Loan Bank Board located at 17th and G Street, N.W. It will be taught two nights per week from 6 to 8 p.m.

We were fortunate to acquire the professional and instructional services of Sheldon Bernstein, Barry Minor, John Barclay, and Joyce Charles for starters. We are still looking for more volunteers in teaching this course and also if you know anyone who would be interested in taking this course, please call Charles McAndrew on 254-9810.

CHAPTER AWARDS CEREMONY 1983

MAY 5, 1983

FOR OUTSTANDING ACHIEVEMENT
IN FINANCIAL MANAGEMENT IMPROVEMENT



Debra Hines, Treasury Department receiving her award from **Bob Pewanick**, Washington chapter president. **Ms. Hines** received her award for helping to reduce unreconciled loans and to collect 98% of receivable by offset or other means.



Leonard Nahme, Patent and Trademark Office, receives his award for helping to increase collections and for his efforts in implementing OMB Circular A-123 "Internal Control System."



Dr. William Kendig, Department of the Interior, receives his award for his work to improve royalty management.



Diana McDermott O'Neill, Treasury Department, receives her award for outstanding service to the Washington Chapter. Accompanying Mrs. O'Neill is her husband Peter.

Using Microcomputers for Financial Managers

Over 450 people attended the one-day workshop on microcomputers held July 12 at George Washington University in Washington, D.C. The Joint Financial Management Improvement Program and the Association of Government Accountants (National Office and Capital Region Chapters) jointly sponsored this timely and informative educational event. The workshop speakers (from both government and private industry) provided financial managers with a basic understanding of micros and their applications in a Government financial office.

June Brown, the Inspector General at NASA, emphasized that auditors and investigators must be trained to audit using automated techniques. She discussed the capabilities of the microcomputer her office was using. The Compass model by Grid is a microcomputer that readily fits into a briefcase. Since the microcomputer has a bubble memory, data does not disappear when it is unplugged. Available software allows auditors and inspectors with minimal computer knowledge to use the micro and enter data on to electronic spreadsheets. The micro performs analyses of the data and saves the auditor months of work.

Ken Pollock, GAO, discussed the "onslaught" of microcomputers in Government, in which GSA expects one-half million to a million micros to be in use by 1990. GAO is concerned about a lack of guidance for agencies in acquiring and using micros.

Some of their major concerns are as follows:

- Agencies do not consider software acquisition and maintenance costs when purchasing micros.
- The data acquired from micros is often unverified, although it may be used in important decision making processes.
- Agencies do not always know how many micros they have, what kind they are, or where they are located.
- Little has been done to assure compatibility of hardware.
- Agencies have few procedures in effect to provide security and backup to prevent loss of critical data.

Joseph Friedl, Defense Department, discussed how his office was using microcomputers for budget applications. Microcomputers have assisted this budget group by allowing them to greatly increase responsibilities without increasing staff. Budget analysts now can change figures on worksheets and perform "what if" analysis and have the micros automatically change the totals on a worksheet.

Rhoda Canter, from Arthur Young and Co., discussed and demonstrated several uses of microcomputers in accounting and auditing operations. She

showed how "The Accountant", a general ledger package on which financial and graphic analysis can be used; and the Lotus "1-2-3", an integrated electronic spreadsheet that provides automatic update on related figures when a number is changed. The Lotus "1-2-3" also generates graphs automatically from the data entered.

Al Iagnemmo, GSA, discussed several factors to consider when purchasing a microcomputer, that include:

| | |
|-----------------|---|
| Manufacturers | Where are the sales and servicing organizations? |
| Model | Do you need it to be portable or stand-alone, single or multi-user, state-of-the-art? |
| Software | What is available? |
| Memory Capacity | Is it 64K or 128K? Is there read only Memory (ROM)? |
| Cost | What is the cost of all of the hardware, software and peripherals you need? |

Elizabeth Nichols, Digital Analysis Corporation, discussed the major types of financial oriented software available. She stated that software, is constantly improving with better graphics, spreadsheet, data base management packages as well as packages which allow the micro to communicate with mainframe computers.

The JFMIP will be publishing proceedings from this workshop. To order a copy, contact JFMIP on 376-5439.

UPCOMING EDUCATIONAL EVENT

SELECTING MICROCOMPUTERS: HARDWARE AND SOFTWARE

on

Friday, November 4, 1983 9:00 a.m. - 3:00 p.m.

at

Twin Bridges Marriott Hotel
Arlington, VA

This event is a follow-up on the workshop on Using Microcomputers for Financial Managers given July 12, which will elaborate on the selection of hardware and software for microcomputers.

Program

| | Topics | Speakers |
|---------------|-------------------|---|
| 9:00 - 11:30 | Hardware | Al Iagnemmo General Services Administration |
| 11:30 - 12:30 | Lunch is provided | |
| 12:30 - 3:00 | Software | David Stang, President Starware, Washington, D.C. |

CPE Credit: 5 hours

For more information, contact Doris Chew on 376-5415.

AGA WASHINGTON CHAPTER
"HOT" TOPICS IN FINANCIAL MANAGEMENT
Tuesday, October 25, 1983

International Inn
 Vermont and Massachusetts Avenue, NW

Course Objectives: To provide the latest information on what financial managers, auditors, accountants should know about current issues, such as: computer fraud, central agencies' changes that will impact operating agencies financial systems, and changes we should expect based on the Administration's Reform '88 efforts.

Registration Information: Registration will be accepted on a first come basis. Walk-in registration will be accepted if space is available. Authority for a Federal agency to sponsor participation in a program of this type is found in Section 9 of USC 5, Chapter 41, Government Employees Training Act. The cost is \$50; \$45 for Washington Chapter members.

Program Chairperson and Moderator: **VIRGINIA ROBINSON**
 Associate Director, AFMD
 General Accounting Office

Keynote Address: **Computer Fraud**
RICHARD KUSSEROW
 Inspector General
 Department of Health and Human Services

PROGRAM AGENDA

8:00 - 9:00 a.m.
Registration

10:00 - 11:00 a.m.
Treasury's Initiatives That Impact Agency Financial Systems
William E. Douglas, Commissioner
 Bureau of Government Financial Operations
 Department of the Treasury

11:00- 12:00 noon
What the Agencies Always Wanted to Know About GAO?
Wilbur Campbell, Acting Director
 Accounting and Financial Management Division
 General Accounting Office

12:00 - 1:00 p.m.
Lunch (will be provided)

1:00 - 2:00 p.m.
What's New in Single Audit?
James Thomas, Inspector General
 Department of Education

2:00 - 3:00 p.m.
Administration's Emphasis on Financial Management Reform
John Lordan
 Deputy Associate Director for Financial Management
 Office of Management and Budget
 CPE credit: 5 hours

REGISTRATION FORM

Washington Chapter
 Association of Government Accountants of Washington
 P.O. Box 423
 Washington, DC 20044

YES . . . count me in for the "HOT TOPICS" WORKSHOP on October 25

Name _____

Home Address _____

Daytime Phone _____

Agency _____

Agency Address _____

AGA Member? No Yes

Chapter _____

CANCELLATION POLICY:

Written notice of cancellation postmarked on or before October 14 will be entitled to a refund, less \$15 service charge. Cancellations postmarked after October 14 will not be refunded, but substitutes may attend.

Attendance is open to all who may wish to participate. Registration Fee is \$50 for non-AGA Washington Chapter members, \$45 for Chapter members.

For more information, or to register by phone, call Doris Chew (202) 376-5415.

Please indicate your method of payment:

- Remittance enclosed
- Bill per attached authorization voucher
- Bill me personally

Checks should be made payable to the Association of Government Accountants.

DID YOU KNOW . . .

by John MacArthur

- "Safeguarding EFTS" is the title of an article by Michael B. Schwartz in the February, 1983 issue of *Datamation*. This article examines a new system for maintaining integrity in electronic funds transfers by a recently American Banking Association approved ANSI standard entitled "Financial Institution Message Authentication Standard (FIMAS)." FIMAS will provide a much needed standard for protection of rapidly expanding EFT networks, including those used by other than financial institutions. The article describes how FIMAS is designed to thwart fraudulent EFT practices such as inserting, altering or deleting data. FIMAS attempts to solve the twofold problem of assuring that data have been accessed or received in an unaltered form and verifying that data have originated from the expected source. FIMAS uses existing technology to examine an EFT and produce a code that is transmitted with the EFT message and which verifies its integrity and source. The article illustrates a technical application of encryption technology and provides other uses for this procedure. A document describing FIMAS may be obtained from the American Banking Association, 1120 Connecticut Avenue, N.W., Washington, D.C. 20036. Ask for publication No. 090100.
- A Single Audit bill was introduced in the Senate in June 21, 1983. This bill, S-1510, the "Uniform Single Financial Audit Act" would establish single audit requirements for Federal grant recipients. It provides that any government or non-profit organization that receives at least \$25,000 annually in Federal grant funding would conduct a single audit, annually or biannually. The Act allows the auditor discretion over which grants

to examine in order to assure compliance with individual grant requirements.

- In a recent newsletter the Municipal Finance Officers Association alerted its members to a chart of accounts for small municipalities that was prepared by the State of Wisconsin. This chart, which is designed for accounting systems complying with GAAP, can provide a comprehensive uniform basis for classifying financial transactions which municipal officials might use as a model for designing their own. A copy may be obtained for \$50 from the Wisconsin Accounting Services Bureau, 125 S. Webster Street, P.O. Box 8922, Madison, WI 53708 (Telephone (608) 266-3401).
- The Treasury Financial Manual (TFM), formerly Treasury Fiscal Requirements Manual, is now available on-line as part of the Treasury Terminal Access System which was developed by the Bureau of Government Financial Operations. This system allows user agencies immediate access to the latest revisions to the TFM, as well as a review of pending changes and a history of prior revisions. Agencies wishing to access the BGFO Terminal Access System must obtain an ADP time sharing contract with the GSA contractor that maintains the data base. Further details may be obtained from Bill Edwards on 376-0770. Incidentally, the TFM is now also available in microfiche in addition to the standard hardcopy format.

About Chapter Members

Congratulation to **Gerry Murphy** who received AGA's highest honor, the Robert W. King Award, at the Professional Development Conference this past June.

Best wishes to **Ken Mulcahy** who recently retired from the Department of Defense.

Sus Uyeda is the National President of AGA for 1983-1984.

NEWSLETTER

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