

ASSOCIATION of  
GOVERNMENT  
ACCOUNTANTS

# THE WASHINGTON CONNECTION

Washington Chapter • P.O. Box 423 • Washington, D.C. 20044-0423 • (703) 758-4080 • October 1996

## WASHINGTON CHAPTER LUNCHEON MEETING

THURSDAY, OCTOBER 3, 1996

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

Social: 11:30 - Luncheon: 12:00 Noon

Cost: Members \$17.00; Nonmembers \$22.00

New members - your first luncheon meeting is free!

**Please call (703) 758-4080 for reservations  
or to request a sign language interpreter  
by MONDAY, SEPTEMBER 30, 1996**

## LUNCHEON SPEAKER



**Vincette L. Goerl,  
Chief Financial Officer, U.S. Customs Service**

Vincette L. Goerl is the Chief Financial Officer (CFO) of the U.S. Customs Service. She has responsibility for the administration as well as control, of resources totaling almost \$3 billion. These resources are comprised of an annual appropriation of approximately \$1.5 billion and various other operating fund sources including user fees, reimbursable services, and permanent/ indefinite appropriations. In addition, she is responsible for the collection and accounting of duty and excise taxes in excess of \$23 billion. Ms. Goerl currently serves as the Secretary to the Treasury CFO Council.

Prior to her appointment as CFO, she was on special assignment to Vice President Gore's National Performance Review (NPR). From April 1993 until June 1994, she served on the Improving Financial Management Team and also supported the implementation of the NPR recommendations. Ms. Goerl was the author of five of the thirteen issues presented in the Improving Financial Management report issued in March of 1994. At the General Services Administration (GSA), Ms. Goerl served as the Executive Assistant to the GSA CFO, and served as Controller of the Information Resources Management Service (IRMS). Previously, Ms. Goerl was Deputy Director for the Office of Information Resources Management at the U.S. Environmental Protection Agency (EPA), directed the Facilities Management Services Division, was Director of the Financial Management Division, and also held various positions in the EPA Budget Division.

Ms. Goerl received a Bachelor of Arts Degree in History and Political Science from McPherson College in 1971. She also completed graduate work at George Washington University and the executive program at the Federal Executive Institute in Charlottesville, Virginia. Currently, she is State President for the Virginia Federation of the Business and Professional Women's Club, Inc. She is also a member of the Association of Government Accountants, American Association of Budget and Program Analysis, Senior Executive Association, and Executive Women in Government, among others.

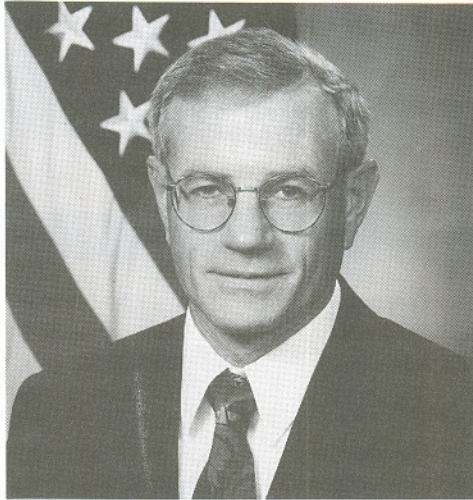
Ms. Goerl will speak about activity-based costing and budgeting and how these techniques can help Federal managers.

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## President's Message .....



**Gary Amlin, President**

I very much enjoyed our September luncheon speaker. The topic was excellent and right on target. Our Program Director, Mr. Joe Donlon has similar, outstanding speakers scheduled for this year, and I look forward to seeing you at all the luncheons, particularly all the new members. I am pleased to welcome a total of 359 new members to our chapter. We have grown 21 percent compared to the overall AGA growth rate of 14 percent.

In reviewing the Washington Chapter membership data, I am impressed by the size and diversity of our membership. The members of AGA's largest chapter represent many parts of the Federal government and numerous organizations in the private sector. The chapter also has the greatest number and percentage of Certified Government Financial Managers (CGFMs) in AGA. All this membership data will be useful in focusing our programs to better serve the interests and needs of the members, and it identifies opportunities for chapter growth. One area where I believe our chapter is under-represented and can grow is academia. New members from academia will broaden and enrich our chapter, and enable us to reach students that will be the fi-

nancial managers of the future. I would like to start an initiative to recruit new members from academia and if there are current chapter members with ideas, contacts, etc. to make this happen, I would like to hear from you.

Recently, a question arose about the roles of Agency Liaisons. The Agency Liaisons are a vital bridge between the chapter's officers and directors, and the members. Their role is to communicate information about upcoming meetings, educational opportunities, and other events, to members. The current Agency Liaisons are listed in this newsletter and in the Chapter Handbook. Ideally, there should be a representative from each major agency or organization. If you are interested in volunteering or would like more information about the Agency Liaison program, please contact the Director of Publicity and Agency Liaison.

In this month's newsletter, we provide a summary description of four chapter committee areas: administration, agency liaisons, monthly programs, and membership. Next month we will feature summaries of the remaining committees. The purpose of providing these summaries is to inform you of opportunities where you can help the Executive Council make chapter programs and events more successful. If you are interested in participating in any one of the programs or events, please contact the appropriate officer/director.



**President Gary Amlin with Alvin Tucker, Deputy CFO, U.S. Department of Defense.**

Finally, I am also pleased to welcome all our new CGFMs! For the CGFMs, members, and others seeking certification, an authoritative source of program information is the June 1995 publication, In-

terpretation of Continuing Professional Education Requirements for Certified Government Financial Managers. Information can also be obtained by calling AGA's Office of Professional Certification.

*Gary Amlin, CGFM*



## Summary of Luncheon Speaker's Remarks

At September's luncheon, Mr. Francis (Gene) Reardon, Auditor General of the Army discussed efforts to improve the value of audit services to the client. Although, he focused primarily on the approach taken by the Army Audit Agency (AAA), that approach and the lessons learned are useful in other audit organizations and to their customers.

In 1993, AAA (like many other Federal, state, and local government organizations) was experiencing significant personnel cuts and pressure from clients for more timely audit services. AAA sent a questionnaire to all its clients to identify areas where audit and consulting services could be improved. Based on the results of more than 2,500 responses, AAA discovered that clients wanted:

1. Better communications
2. Improved relations between auditors and clients
3. Training for auditors
4. Better managed audits
5. More useful products and audit recommendations
6. More timely information

To improve internal and external communication, AAA took several steps including inviting clients to participate in in-process reviews and providing them information papers throughout the audit to keep them informed. By giving the client the information during the audit, corrective actions can begin immediately rather than waiting until the audit is completed and this often leads to frank and open discussions of audit issues.



**Mr. Reardon addressing the September luncheon attendees.**

AAA also changed the overall audit culture or mentality to improve the relations between the auditors and the clients. One step was to take a more balanced approach to recognizing auditor performance. For example, the agency provides bigger awards for quality work and producing products that are beneficial to the clients, instead of rewarding auditors that produced big findings as was previously the case.



**Volunteers checking in attendees at the luncheon.**

Many clients told AAA that the auditors lacked the knowledge or training needed for complex audits, especially audits in the acquisition area. To improve auditor training, AAA began an acquisition certification program. The program is based on general and acquisition-specific audit experience and acquisition training. In addition, AAA began placing auditors in six-month developmental assignments to gain insight into client operations. AAA has 4 to 6 people on developmental assignments at all times.

*(See Speaker's Remarks, next page)*



*(Speaker's Remarks, continued from previous page)*

To improve audit management, AAA increased client participation in the audit planning process. Client input is sought at all stages of the audit process and valid client concerns are used to shape the audit. In addition, AAA began a process for tracking monetary benefits and providing the client more information to do their job.

Clients told AAA that they wanted more useful audit products and audit recommendations. In response, AAA began more consulting work and more work on client-specific topics. Clients are happy with the new services and it allows AAA auditors to wear "white hats." Clients also wanted more timely reports, and AAA found that thirty-eight percent of the time from draft report to final was controlled by AAA and not the client. As a result, AAA reduced the audit time from 390 days to 285 days, an improvement, but short of the goal of 165 days! Mr. Reardon said the ultimate goal is to reduce the process to just ninety days.

At the conclusion of his remarks, Mr. Reardon was asked about the effect these initiatives had on auditor independence. He said that there are different opinions on the subject, but he thinks the GAO "yel-

low book" gives the auditors tremendous latitude in conducting audits and that some auditors use the independence issue as a crutch. Also, although the clients suggest subjects for consulting work, the decisions are made by AAA. Mr. Reardon also provided copies of a case study titled "Applying the Principles of the Government Performance and Results Act and Strategic Planning to the Inspector General/Audit Function" which explains the methodology, results, and includes a copy of the client satisfaction questionnaire.

*Summarized by Les Murray, DFAS*

### Advertisements

*The Washington Connection* accepts advertisements that would be appropriate for our membership, i.e., ads which relate to the financial management profession and which do not conflict with the Association's goals and objectives. Advertisement prices are: full page (7" x 9" ad on 8½" x 11" page) \$300.00 - half page \$150.00 - quarter page \$75.00. All prices are for one printing in one issue. Advertisement copy may be provided on disk or by fax. Camera ready copy should be provided for most logos and other graphics. If you are interested in advertising in *The Washington Connection*, call Bob Buchanan at (703) 246-0298 or Michael Sciortino at (703) 246-0673 for details.

## Highlights of the August 21, 1996, Executive Council Meeting .....

- Germaine Rowley, Administration Director, provided the Executive Council with an explanation of the Chapter Recognition Program and how the chapter can earn points. For the period May through July 1996, our chapter earned 2,861 points toward our goal of 10,000 for the year.
- Warren Cottingham, Awards Director, announced that Anthony Williams and John Hill are being nominated for awards at the State and Local Government Leadership Conference. Nominations for the Federal Leadership Conference awards are due to National by November 15th. The AGA Leadership Conference will be held January 16th and 17th.
- Eva Williams, Membership Director, reported that we have 85 new members from May 1st through July 31st. This is thirty-two percent of our acquisition goal. Our holiday party is scheduled for December 12th, and our dinner meeting will be held on April 16, 1997.
- Jolene Romanyshyn will be serving as Agency Liaison while Renee Barry is on extended leave.
- The Executive Council scheduled its next meeting for September 25, 1996, at 11:30.

*Marianne Morahan, Secretary*



## Agency Liaisons

AID, Tom Mundell  
(202) 663-2253

Agriculture, Gary Maupin  
(703) 305-2191

Commerce, Kevin Kuesters  
(202) 482-2933

Defense, Rick Miskovich  
(703) 607-5024

EPA, Roland Cyr, CGFM  
(202) 260-8591

FASAB, Lucy Lomax  
(202) 512-7359

FCC, Jim Swartz  
(202) 418-1060

GAO, West Coile  
(202) 512-9324

GSA, Jolene W. Romanyshyn, CGFM  
(202) 501-1084

HUD, Rhea L. Riso  
(202) 708-1757 ext. 3763

Private Ind. (Va), John Edward Murphy  
(703) 532-9106

Private Ind. (DC), Raina Rose  
(202) 862-3300

State, Mattie Harms  
(703) 875-5634

Transportation, Dennis Scott  
(202) 366-0294

Treasury, Linda Lloyd  
(202) 927-0119

VA, Jack Gartner  
(202) 273-5528

*For more information contact liaison coordinator, Renee Barry at (202) 606-5000 extension 374.*

## .....Nominations Solicited for AGA Awards

As a reminder, the Washington, D.C. Chapter is soliciting nominations for the Federal Leadership Conference Awards to be given at the annual AGA Leadership Conference in January.

Nominations should be submitted by October 18, 1996. Mail nominations to:

AGA Washington, D.C. Chapter  
ATTN: Awards Committee  
P.O. Box 423  
Washington, D.C. 20044-0423

or fax nominations to:  
Warren Cottingham at  
(202) 874-9634.

After reviewing the nominations, the Awards Committee will make recommendations to the Washington, D.C. Chapter's Executive Council and forward approved nominations to AGA National. The members of the Awards Committee are Bill Anderson, Evelyn Brown, Lydia Moshkin, Eva Williams, and myself.

If you have any questions about the awards or nomination procedures, please call me at (202) 874-9584.

*Warren Cottingham, CGFM, Awards Director*

### Position Available:

**M.D. Oppenheim & Co., P.C.** has an immediate opening for an **Audit Supervisor** in the Fairfax, Virginia office. CPA Certificate or exam eligible a must. Five years minimum audit experience. Degree in accounting or related field.

Strong technical and people skills, excellent communication ability, and the desire to participate in the growth of a dynamic firm needed. Excellent opportunities for advancement, competitive compensation package, and an enjoyable professional atmosphere.

Send resumes to:

M.D. Oppenheim & Co., P.C.  
Attn: Linda Cheatham - Partner  
2750 Prosperity Avenue  
Suite 250  
Fairfax, Virginia 22031-4312  
(703) 698-0083 - telephone  
(703) 698-8253 - fax



## Debt Collection Initiatives .....

As often happens with innovative legislation, a new or improved concept is rolled into a comprehensive bill and passed with little extra fanfare or recognition. This is what occurred when a subchapter to the Budget Reconciliation Bill was signed by the President on April 26, 1996. PL 104-134, also called the "Omnibus Consolidated Rescissions and Appropriations Act of 1996" included a subchapter entitled "Spending Offsets - Debt Collection." This subchapter is the 'Debt Collection Improvement Act of 1996' (hereafter referred to as the Act) and provides for several new concepts that will give the Government some "teeth" in pursuing debts owed and provide the various agencies with some financial incentive to pursue debt collection.

One purpose of the Act was to maximize collections of delinquent debts owed the Government by assuring quick action to enforce recovery. The Act provided for the use of "all appropriate collection tools." Specifically, it requires the agencies to transfer delinquent debts over 180 days old to the U.S. Department of Treasury for collection action. Treasury must take action to collect these referred debts, including referral to another debt collection center, to private collection agencies, or to the Department of Justice (DOJ). This concept of "cross-servicing," one agency performing functions for another, is a change in the way the Government does business. It attempts to minimize the costs of debt collection by consolidating related functions and activities using inter-agency teams.

In my opinion, one of the most striking provisions of the Act was that it allows agencies to retain fees charged for services from collections. The Act also provides for gain sharing of funds that it defines as "...the amount by which the collection of delinquent debt with respect to a particular program during a fiscal year exceeds the delinquent debt baseline for such program...". The Office of Management and Budget (OMB) determines the baseline and the funds are maintained and managed in a Debt Collection Improvement Account by the Secretary of the Treasury. Payments are made from this account to agencies for qualified collection expenses.

The Act also ensures that debtors have all appropriate due process rights, including the ability to verify, challenge, and compromise claims. In the provision that ensures the public is fully informed of the Federal Government's debt collection policies and that debtors recognize their obligations to repay, the Act does create

some controversy. For example, it contains some very strong provisions essential to enforcement such as: requiring that agencies obtain taxpayer identifying number for anyone doing business with the Federal Government, allowing agencies to enter into a contract to locate and recover debts through stronger offset programs, strengthening garnishing procedures on wages, and allowing publication of delinquent debts in such records as the Federal Register. The sensitivity of this last provision was evident in the reaction to Health and Human Services published "deadbeat doctors list" in the Federal Register. Representatives from Treasury indicated that the guidelines for enforcing this aspect of the Act were yet to be established and the ability to publish debtor lists was being challenged.

The Act included several other general and administrative provisions which:

- Amends the Administrative Dispute Resolution Act to increase the threshold for referral of debt to DOJ to \$100,000 or higher.
- Authorizes agencies to sell nontax debts, if the sale is determined to be in the best interests of the Government.
- Allows agencies to increase administrative claims by a cost of living adjustment, in lieu of assessing late charges.
- Requires OMB to review agency write-off policies and to direct the agency head to modify policies as necessary.
- Amends the IRS disclosure law to permit Treasury to conduct tax refund offset.

As you can see, this Act is a comprehensive change in the way the Government has gone about the business of debt collection in the past. It will provide debt collection incentive to the agencies through recovery of costs and gain sharing. It includes the procedures to obtain the best collections of delinquent debt. As Treasury goes about meeting with each agency and establishing the referral procedures needed, the Act has already begun to have impact. I recommend obtaining a copy of the Debt Collection Improvement Act of 1996 and reading it thoroughly - it is in effect right now!

*Marcia Caplan, CGFM, Washington Chapter Director of Budget and Finance*



## ..... Technical Articles Wanted

One of the principal reasons for publication of a Chapter newsletter is to help keep Chapter members informed on current governmental financial management topics and emerging issues. We would very much like to publish **your** technical article. Or, if you could provide us an article for reprint that you have seen elsewhere or point us to an article source, that would be great too.

You may fax articles to Bob Buchanan or Michael Sciortino at (703) 246-0294 or Ed Baxter at (703) 607-0588. We would prefer to receive material electronically, however, at any of the following internet addresses:

rbuchanan@anteon.com msciortino@anteon.com ebaxter@cleveland.dfas.mil

The deadlines for the next two issues are:

October 11 for the November issue and November 8 for the December issue.

## Charles A. Bowsher Named AICPA's Outstanding CPA in Government .....

Congratulations to AGA Washington Chapter member Charles A. Bowsher. Mr. Bowsher, Comptroller General of the United States, is the recipient of the 1996 American Institute of Certified Public Accountants (AICPA) Outstanding CPA in Government Award. The award recognizes CPAs in government who have made significant contributions to increase efficiency and effectiveness of government organizations and to the growth and enhancement of the accounting profession. At GAO, Mr. Bowsher played a major role in strengthening financial management and the accountability of the Federal Government.

### Positions Available:

**Gonzales Consulting Services, Inc. (GCS)**, a Denver-based professional service management company, is seeking candidates for its CPA division to staff a long-term assignment in Washington, DC. Individuals will work with the Automated Financial System of the client to meet current government regulations for annual financial statement preparation.

**Sr. Auditor/Project Manager:** Minimum seven years audit experience with 80 hours continuing education and training in the last two years. Will liaison with the Systems and Accounting Standards Division with overall project management responsibility for final report review.

**Audit Manager:** Minimum of six years audit experience. Will supervise the task team to include on-site quality control.

**Audit Supervisor:** Minimum of four years audit/consulting experience, CPA license, and 24 semester hours in accounting in an accredited college or university BS program. Will supervise on-site task team.

**Senior Accountants:** Minimum of two years audit/consulting experience, CPA license, and 24 semester hours in accounting in an accredited college or university BS program. Will independently perform a major segment of the task.

**Staff Accountants:** Minimum of 24 semester hours in accounting in an accredited college or university BS program. Will perform task steps under the supervision of the audit supervisor or a senior accountant.

Send resumes to Leslie Gaskins, GCS, 303 E. 17th Street, Suite 910, Denver, CO 80203; fax to (303) 861-1780; or E-mail to gcs@henge.com.

..... Upcoming Financial Management Courses

**October - December 1996 Courses at  
The Center for Applied Financial Management**

**October 1996**

- 24-25 Accrual World
- 28-29 Understanding and Using the Standard General Ledger
- 30-31 Dollars and Sense

**November 1996**

- 7-8 Unlocking Key Reports
- 14-15 Survey of FASAB Accounting Concepts and Standards
- 21-22 Managerial Cost Accounting

**December 1996**

- 3-4 Accounting for Revenue
- 3-4 Implications of Federal Appropriations Law
- 6 Certifying Officers
- 10-11 Property, Plant, and Equipment & Stewardship Reporting
- 12-13 Budget Execution Game
- 17-18 Understanding and Using the Standard General Ledger

Contact Kimberly Pringle at (202) 874-9560 for more information or fax requests to (202) 874-9629. To register for Center courses, submit an SF-182 to the Registrar, The Center for Applied Financial Management, 401 14th Street S.W., Suite 1100 KSB, Washington, DC 20227. All courses are held at 1411 K Street, N.W., 11th floor, unless otherwise noted.

**November - December 1996 Courses at  
The National Capital Training Center, Graduate School, USDA**

**November 1996**

- 4-7 Government Bookkeeping and Accounting
- 6-8 Federal Accounting Standards
- 12-15 Budget Execution
- 14-15 Federal Budget Process
- 18-20 Cost Accounting Concepts in Federal Government Operations
- 21-22 Accounting for Non-Accountants

**December 1996**

- 2-4 Federal Appropriations Law
- 5 Federal Appropriations Law Update
- 5-6 Activity-Based Costing
- 9-12 Budget Formulation
- 10-13 Introduction to Federal Budgeting
- 16-18 Introduction to Financial Management
- 30-31 Federal Budget Process

To register for these courses, fax or mail your training form to The National Capital Training Center, Graduate School, USDA, 600 Maryland Avenue SW., Room 108, Washington, DC 20024-2520 Voice (202) 401-9194, Fax (202) 401-9417, TDD (202) 447-3247 ext. 8123.



## Washington Chapter Committees .....

Each of the chapter's directors takes responsibility for operation of a committee of the Chapter. Some committees require fewer human resources than others, but each can usually use more help. This article highlights a few of the committees; future newsletter editions will address additional committees.

### Administration

One of the ways that AGA measures the performance of its chapters is through operation of a Chapter Recognition Program. Through this program, chapters are awarded points for conducting professional activities such as educational events and monthly membership meetings with speakers. The chapter also accumulates points for performing community service activities, publishing a newsletter, and numerous other professional activities. In addition, chapter members can accumulate points for the chapter by writing financial management articles of at least 300 words and having them published in the newsletter. The points accumulated can result in a monetary award for the chapter including cost reductions for AGA merchandise or events. During the 1995-1996 program year, the Washington Chapter accumulated a total of 10,000 points. As a result, the chapter received a Gold Chapter designation for reaching or exceeding our point goals for five consecutive years and a first place award in the newsletter competition at the Professional Development Conference in Little Rock.

The Chapter's Director for Administration keeps track of all the chapter and individual qualifying activities by category and prepares a monthly report to the AGA National Office. Members who perform such activities should report their accomplishments to Germaine Rowley, Director for Administration, at (202) 927-0620 (voice) or fax the information to her at (202) 927-1118.

### Agency Liaisons

The Chapter's agency liaisons are vital links between the Chapter Executive Council (the officers and di-

rectors) and the chapter membership. The role of these liaisons is to enhance communication about AGA events among members. A representative from the employing organizations of many of our members (e.g., various Federal and state government agencies and private industry companies) acts as a contact person within the organization. Monthly, the Director for Publicity and Agency Liaisons forwards information on upcoming meetings, educational opportunities, and other activities to the liaisons for dissemination to the AGA members in their organizations.

A listing of the current agency liaisons is on page five of this newsletter. As you can see, there is a need for liaisons in additional organizations. For additional information on the Agency Liaison Program, or to volunteer, please contact the Director of Publicity and Agency Liaison, Ms. Renee Barry, at (202) 606-5000, extension 374, or e-mail at: rbarry@cns.gov.

### Monthly Programs

The Director of Programs develops the luncheon meeting agenda of topics germane to the AGA mission of improving financial management in government. This covers the entire program year, September through May, and includes arranging for obtaining top quality speakers for each month's luncheon. In addition to enlisting the speakers, the Director is also responsible for:

- obtaining a photograph and biographical sketch of each speaker for publication in the chapter newsletter,
- obtaining the title of each speaker's presentation as well as a brief statement of the general content of the presentation, also for newsletter publication,
- acknowledging the speaker's acceptance in writing and providing the speaker with precise information regarding the date, time, and location of the speaking engagement,

*(See Committees, next page)*



(Committees, from previous page)

- introducing the speaker at the luncheon meeting, and securing and presenting a small token of the chapter's appreciation of the speaker addressing the chapter.

Our current Director of Programs, Joe Donlon, has already put the complete year's program in place. The first luncheon program of the year is reported on in this edition of the newsletter and the speakers for the current and following month are also listed.

**Membership**

The Director for Membership is responsible for providing a central focus for retaining current members and increasing membership. This requires maintaining and analyzing chapter membership statistics and trends and devising ways to maintain the active interest of current members and to recruit new

members. Eva Williams, the Chapter's Director for Membership for the past two years, is performing this role again this year. Through personal letters to members whose dues fell in arrears, active participation in nationally sponsored membership campaigns, and sending welcoming letters to all new members, the chapter experienced unprecedented membership growth and retention during this period. Another key feature of the membership program has been coordination with the Certified Government Financial Manager campaign program and with the Member Services Committee. This included recognition of members who obtained the CGFM certification and sponsoring of a holiday party and special evening program for members.

This is a high workload committee; there are many more duties other than those mentioned. To help, contact Eva Williams at (202) 622-8719.

**Membership '97 .....**

**W**e're getting ready for our second luncheon meeting of the year, and I want to remind all new members that they should come for a free lunch. No kidding! Your first lunch is on us. We want you to enjoy the great speakers' program that we have this year. The luncheons also give you a great opportunity to network with other chapter members and keep up with what's happening in the Federal, state, and local government arena.

We are planning a special addition to our November meeting. We have several committees that could use some help over the coming year. We will have directors available before and after the meeting to discuss opportunities with you. Take a look at the list of directors on the back of the newsletter, and give us a call if you have any questions. Think about where you would like to help make the Washington Chapter of AGA stronger.

What else can membership do for you? We have our holiday party lined up for December 12th at the Grand Hyatt. It was a great success last year, and Dori at the Hyatt promises to make it just as tasty as last year. The response to our April evening meeting was so overwhelming that we are going to repeat it this year. Watch this space for the announcement of our guest speaker.

Retirees, FYI. There are special rates for retirees for the National and Washington Chapter dues. If you've retired and didn't get the rate because you didn't know about it, please contact me. If you're thinking of retiring, don't leave us behind. Our newsletter will keep you up to date with your colleagues and special events.

*Eva Williams, CGFM, Director of Membership*

Mark you calendar for November 7th. November's luncheon speaker will be John Hamre, CFO and USD, Comptroller Department of Defense. Mr. Hamre will speak about new directions in defense financial management.



## ..... HUD's Tenant-Based Rental Subsidy Program Gets a System

*Barbara L. Burkhalter, Comptroller, Office of Public and Indian Housing*

**H**UD recently succeeded in automating and integrating the processes and systems that support its largest program -- rent subsidies for low income families. Those processes are: contracting, budgeting, accounting, reporting, performance and cash management. There is now one system that supports both the program and financial management business needs of all the users and management.

Under the rental subsidy program, HUD via its many agents which are housing authorities, has issued certificates and vouchers to over 1.5 million families to supplement the difference between what they can afford to pay for rent and the fair market rents in their neighborhood.

### Business Problems

Material weaknesses in the rental subsidy programs had plagued HUD for years. The programs themselves were old and had suffered through many regulatory changes. Transaction volumes and balances were large. Systems supporting the programs were old and non-integrated producing questionable results. Program and accounting staff each entered the same transactions into "their" systems. Reconciliations between duplicate systems was never-ending and ineffective. On top of all of this, HUD was downsizing and decentralizing.

### System solutions

HUDCAPS stands for HUD's Central Accounting and Program System. It was developed by acquiring a basic federal accounting software package and enhancing it for the unique needs of the program. The basic software package remains intact for ease of upgrading to newer versions and for general use by other program areas and administrative activities.

HUDCAPS system implementation began in the fall of 1993 and ended in August 1995. Data from all major accounting and program systems supporting the rental subsidy programs was converted into HUDCAPS.

Conversion volumes were enormous. HUDCAPS contains over 45,000 contracts with over 2,000 housing authorities. HUDCAPS accounts for nearly \$80 billion of cumulative budget authority and over \$50 billion in cumulative disbursements.

Data clean up efforts have been extensive. The converted data was old, inconsistent, and incorrect in many cases. Balances in the accounts had been accumulated over a period of over 30 years. During that time interim conversions from manual to automated and between automated systems further challenged the clean up effort.

Administrative activities of the HUD were converted into HUDCAPS from their manual and non-integrated systems simultaneously with the rental subsidy program conversion.

Users total over 1,000 HUD staff located in 52 field offices, several administrative centers and headquarters. They have all been trained and currently operate the system.

Processing volumes each month in HUDCAPS total about 6,500 budget, commitment, obligation, disbursement and settlement transactions for a total dollar value of about \$2.5 billion.

Accounting has been redefined at HUD, as a result of the HUDCAPS implementation. No longer do accountants have to enter accounting transactions in order to assure adequate segregation of duties, appropriate supporting documentation, and accurate general ledger entries.

Security access and other controls, edits and coding in HUDCAPS permit non accountants -- program and budget staff -- to enter their transactions once and only once into HUDCAPS. Central office accountants use the data in HUDCAPS for reporting departmental results to Treasury. In addition, they are now able to perform financial analyses instead of data entry services for their customers.

Costs to implement the system were a concern. While costing much less than a custom system would cost to develop, installing HUDCAPS was not inexpensive. Costs to convert thousands of old records and billions of dollars in old funding were high. Costs to train hundreds of staff that had never used modern systems were high. And costs to operate a fully integrated financial management system in a department where separate stand-alone systems are the norm were high.

### Lessons Learned

Future plans include making improvements in HUD's systems support functions in order to reduce operating and maintenance costs. Further streamlining opportunities have been discovered in the program office since fewer sites and staff are needed to run the program with HUDCAPS. More advanced budget formulation techniques are being added to the system now that the data is reconciled and available in automated form. And finally, as more staff use the system, more reporting requirements are being identified to support better program and financial management.

If you would like further information about HUDCAPS you may contact Barbara L. Burkhalter at (202) 708-0099.





Association of Government Accountants The Washington Connection

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