

## ABOUT OUR UPCOMING EVENTS

**JUNE 6, 2007**

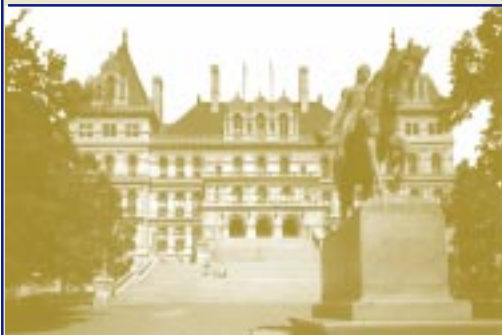
### THE CHAPTER MEMBERSHIP

#### APPRECIATION LUNCHEON AT THE

WOLFERTS ROOST COUNTRY CLUB ON VANRENSELAER BOULEVARD, ALBANY, NY FROM 11:30AM TO 2:00PM. THE MENU CHOICES ARE STUFFED CHICKEN, FLAT IRON STEAK OR PASTA PRIMAVERA. THE COST IS \$10 FOR AGA MEMBERS AND \$20 FOR OTHERS (AWARDEES ATTEND FREE)

JOIN YOUR HOSTS **MARCELLA JUNCO**, CHAPTER PRESIDENT, AND **BRIAN GEE**, INCOMING PRESIDENT, AS THEY CELEBRATE THE CHAPTER'S SUCCESSES FOR THIS PAST YEAR AND PROVIDE US WITH A GLIMPSE OF THE FUTURE. THIS YEAR'S EVENT IS MARKED BY NUMEROUS RECOGNITION AWARDS PRESENTED TO THE MANY HARDWORKING AND DEDICATED VOLUNTEERS AND AS A SHOW OF APPRECIATION TO OUR LOYAL AND SUPPORTIVE MEMBERSHIP. IT'S A GREAT NETWORKING OPPORTUNITY CAPPED OFF WITH A TERRIFIC LUNCH AND LOTS OF FUN. WE HOPE YOU CAN JOIN US.

RESERVATIONS: ONLINE AT [WWW.AGANYCAP.ORG](http://WWW.AGANYCAP.ORG) OR CONTACT **KAREN LYDON** AT (518) 286-2622 X 100 OR [REGISTRAR@AGANYCAP.ORG](mailto:REGISTRAR@AGANYCAP.ORG)  
 NO-SHOWS WILL BE BILLED THE FULL COST OF THE EVENT.



## AGA Kudos: Chapter Wins Several National Awards

**C**ongratulations are in order again this year for the many hardworking Chapter members who are going to be honored in many National AGA award categories. It was another stellar year for us.



Not surprisingly, the New York Capital Chapter again receives an award in AGA's Chapter Recognition Program. This award recognizes individual chapter performance and provides a standard by which each AGA chapter maintains a well-rounded operation for the professional growth of its members. Our Chapter has won this award every year in memory and, this year, we are again at the "**platinum all-star**" level. We attained this award for excellence in chapter administration, membership growth, educational programming, communications, and community service. **Marcella Junco** will accept the award on behalf of our Chapter at the AGA Professional Development Conference in Nashville, TN.

**Laura Brown** again won the first place award in the Group A Chapter Website Award Competition for her exemplary efforts designing and maintaining the Chapter's website and **Roger Mazula** won first place in the Group A Chapter Newsletter Competition. **Amanda Zibella** took top honors in the Group A Chapter Certified Government Financial Manager Program for her outstanding work promoting the CGFM certification.

There were two National AGA President's Awards given to Chapter members: **Robert Attmore** for outstanding leadership and courage in continuing to promote additional research in service, efforts, and accomplishments performance reporting in the face of fierce opposition from some stakeholders; and **David Hancox**, for outstanding leadership as co-chair of AGA's highly successful, first ever National Internal Controls and Fraud Conference, and for his volunteer service as a highly respected and sought after presenter at National, Regional, and Chapter AGA conferences and other educational events.

Come to the June 6<sup>th</sup> Annual Celebration Luncheon at the Wolfert's Roost Country Club and see who will receive the local awards that will be given to recognize outstanding Chapter service this year.

# CAPITAL IDEAS

PUBLISHED BY: NEW YORK CAPITAL CHAPTER  
ASSOCIATION OF GOVERNMENT ACCOUNTANTS

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## President's Message

from  
Marcella Junco



It's hard to believe that spring has sprung and another successful Chapter year will soon come to a close. I have been very fortunate to be the President this year and be involved with such a great group of volunteers. It has been a very fulfilling opportunity for me. The proof that these volunteers are great is evidenced on page one—the Chapter and our members have received multiple awards from AGA National. We have again reached the Platinum level for National recognition, the highest level to attain. In addition, our website and newsletter were once again recognized as leading examples and, for the first time, our Certified Government Financial Manager (CGFM) Program received top honors.

None of this would have been possible without the many hours hard work by the volunteers that run this Chapter. This is what they have accomplished this year:

**Membership**—Vice President, Thalia Davis, and the committee have expanded the Chapter's college outreach efforts and provided many opportunities for students to learn about our organization. You can read about these events in this newsletter. In doing this, she has helped to ensure our success in the future by encouraging individuals early in their careers to get involved.

**Education**—The Chapter has offered up to 70 continuing professional education credits this year. The education committee, lead by Vice President Mike Abbott, have offered a variety of seminars to the government accountability profession, including seminars on fraud, technology, the strategic budget process and model governance. In addition we have offered six National audio conferences.

**Certification**—Amanda Zibella, Vice President and the committee worked hard this year to promote the CGFM certification. In addition to the Chapter's annual certification panel, we held Certified Financial Management course 1 to assist individuals in preparing for the CGFM exam.

**Community Service**—For those of us that like to give back to our community, there was no shortage of activities to choose from. Once again, Ann Marsh, Vice President and the committee coordinated events to help WMHT, the patients at Stratton VA Hospital, and the DARE program, as well as adding new organizations to support such as the Liberty Partnership Program at SUNY Albany. Many thanks to the volunteers who participated in these events and supporting the numerous causes.

*Continued on page 27.*

# From Equity Funding to World Com: Why Don't the Auditors Get It?

by David R. Hancox, CIA, CGFM

Director of State Audits, New York State Comptroller's Office

Over the last several years, the auditing profession has been under siege. Auditors have been unable to find significant frauds that were occurring in the companies they were auditing resulting in the demise of one major auditing firm and a significant restructuring in the oversight of the auditing profession.

Congress responded to the corporate scandals by passing the Sarbanes-Oxley law. This law required companies to put in place internal controls over financial reporting, have senior management report on the internal controls and to have auditors attest to management's assertions. While the law serves a useful purpose, it may not stop future frauds if auditors do not focus on the right issues.

The inability by auditors to find significant frauds goes back a long ways. In an October 1997 article titled *Could the Equity Funding Scandal Happen Again*, I concluded the failure to detect fraud in organizations being audited could occur to many auditors and audit organizations in today's environment.

The fraud that occurred at Equity Funding happened during the late 1960s and 1970s. It included phony accounting entries, phony documents to support transactions, employees willing to carry out unethical acts, auditors willing to go along with management - instead of acting independently, and management acting aggressively in seeking to expand at a rapid rate and engage in activities that would cause unsuspecting people to take unnecessary risks.

The problems confronting the auditors at Equity Funding were classified as follows:

- The ethics and integrity of management and employees.
- Management's philosophy and operating style.
- The independence of the auditors.
- Professional skepticism of the auditors.
- External impairments to the audit.

Arthur L. Berkowitz in his book, *Enron: A Professional's Guide to the Events, Ethical Issues, and Proposed Reforms* cited this article and said, "Every one of these items seemed to reverberate at Enron: management willing to stretch the limits of the rules, auditors limited by their close relationships and desire to maintain a major client, even in the face of internal opposition; and flexible accounting principles that permitted off balance sheet transactions. What lessons did we miss?"

Now let's examine what occurred at WorldCom and we'll see the auditing profession simply had not learned from the past. A talent of leading organizations is to be a learning organization. The same applies for people who wish to be at the cutting edge of their profession - we have to continue learning. Unfortunately, the auditing profession did not pay attention to the Equity Funding scandal. It's time we dramatically rethink our approach to audits and come up with new ways of doing business.

## WorldCom's Growth

WorldCom started in 1983 as a long distance telephone provider called Long Distance Discount Services, Inc. From its start through the 1990s, the company continued to grow and diversify its business through acquisitions. In 1998,

it acquired MCI for \$40 billion by using its highly valued stock. This merger made WorldCom the second-largest telecommunications provider in the United States.

During 2000, the telecommunications marketplace was a highly competitive environment. The increased competition resulted in deteriorating industry conditions as the marketplace sorted out the strong and weak competitors and supply started exceeding demand. Beginning in 2001, WorldCom found it increasingly difficult to meet Wall Street estimates for revenue growth and cash earnings per share. On June 25, 2002, trading in WorldCom stock ceased after disclosure of improper accounting practices.

...the decision the accountants made that allowed the scheme to occur would be different today. Serving time in prison changes your perspective.

*Continued on page 29.*

## AGA's Citizen-Centric Government Reporting Initiative

**G**overnments exist to serve their citizens. Citizens have the right to an understanding of how their government operates and if their tax dollars are being spent efficiently and effectively. And governments have a responsibility to provide that information in an easily understandable way.

This initiative encourages governments to produce and publish an annual "state of the government" report that is no more than four pages long. The reports, designed to be visually appealing, provide understandable information to citizens about the financial condition and performance of the government that answers the question, "Are we better off today than we were last year?"

AGA believes that the report will make governments more accountable to their citizens and will help Americans become more educated citizens, who are better able to participate in government activities. Governments are encouraged to include the report in their local newspaper and post it to their government website, which would provide easy access to the public.

Government financial statements are too large and too complicated for average citizens, meaning those without a college degree in finance, economics or accounting. Therefore, the majority of governments—federal, state and local—are not reaching their citizens with some of the most significant financial and performance information. Even local governments, rich with readily available financial and performance information, may fail to inform citizens if the data is not provided in an interesting and understandable way.

AGA has developed a Content Guidelines Template for these "state of the government" reports, outlining what information could be included on each of the four pages. A Design Guidelines Template outlines a suggested layout of the report.

AGA will help selected governmental entities produce their own four-page reports in 2007. Governments that have agreed to produce reports are the State of Oregon, Maricopa County, Arizona, the City of Portland, Oregon, and the District of Columbia.

### Where Do We Go From Here?

This document will improve governmental financial and performance reporting to citizens. As the thought leader for government accountability, we feel that this task is AGA's responsibility. If we do not do this, who will?

We feel that this initiative is so important that we have partnered with a public relations firm to help us to move the project forward. The firm will work with local media, civic leaders and elected officials to promote the reports as a good government tool, which allows citizens to better understand their local government and facilitates meaningful debates around fiscal and performance priorities. AGA chapters in these areas will also play a large role in gathering support for the reports.

Additionally, a national campaign will be launched beyond the initial pilot areas to ensure that governmental officials learn about the successful promotion of each report.

AGA is working with public interest groups interested in civic engagement, good government, transparency and accountability. The initial reaction from the League of Women Voters and other groups has been very positive. Their willingness to participate with us in this grass-roots effort is very encouraging.

## Washington Accountants Rock for Scholarships

Five bands composed of accountants rocked out May 19 in a battle of the bands to raise money for accounting scholarships at two Washington state colleges.

Seattle-area bands including Disregarded Entity, Accounting Crows, Industry Audit Guys, Facial Depreciation, and Terminal Liability participated in the second annual Battle of the Bands.

The players are all members of the Washington Society of Certified Public Accountants.

The money raised went toward accounting scholarships at Highline Community College and Central Washington University.

## After Sarbanes-Oxley, XBRL?

by Amey Stone, *BusinessWeek*

*Financial execs may not appreciate it yet, but this new data-tagging system should speed the flow of info and create new ways to analyze it*

On February 3, 2007, financial reporting took a giant step into the future with the Securities & Exchange Commission's announcement that it's ready to start accepting corporate financial reports that have been tagged with newly developed software code known as XBRL.

That jumble of letters stands for Extensible Business Reporting Language. Software developers will easily grasp that it's a kind of XML (Extensible Markup Language), in this case tailored for business reporting. But to most financial professionals, XBRL represents a confusing new intersection of high tech and finance that they aren't quite ready to embrace.

For the uninitiated, the easiest way to understand XBRL's purpose is by comparing it to the humble bar code, which can track a can of soup from the manufacturing plant through the point of sale. Similarly, XBRL tags financial information so it, too, can be tracked, from the first interactions with vendors, to reports submitted to various operating divisions within a company, and finally to become part of a consolidated earnings release. "XBRL will really facilitate the flow of business information" from public companies to analysts and regulators, says Mike Willis, a partner at PricewaterhouseCoopers and one of the programming language's architects.

**The Foundation.** Affixing a tag to each piece of data also makes it possible for software developers to create programs to analyze and manipulate financial data in new ways — without requiring it to be keyed in as it moves from program to program. For example, investors will one day be able to visit a corporate Web site and in one click, create a spreadsheet populated with all of a company's financial records — perhaps going back years.

Microsoft, a pioneer in XBRL, already allows this with some key financial data. And on January 25, 2007, Rivet Software announced a partnership where its "Dragon Tag" program to convert financial documents into XBRL would be offered to Edgar Online customers who could then use Edgar Online's "I-metrics" suite of XBRL tools to analyze and compare companies.

These early efforts are just the start. Eventually, XBRL will be the foundation for a whole new generation of financially

oriented Web services that will make it easier for regulators to check for problems in financial data, executives to compare their company to competitors, and analysts to identify the best-performing stocks.

**Not Getting It.** In the February 3 announcement, SEC Chairman William Donaldson said the initiative was part of a broader effort to "improve the quality of information available to investors and the marketplace." Like many SEC voluntary programs, it's likely to become mandatory if it's successful.

For companies, XBRL should lead to having financial information more widely distributed and easily understood. "Everybody will do less with the mechanics of the data and do more analysis of the data," says Liv Watson, vice-president for XBRL strategy at Edgar Online and chairman of a task force developing international standards for XBRL.

The only problem is that most companies don't quite buy it yet. "From practitioners I'm still hearing the same message about XBRL," says Philip Livingston, vice-chairman of software company Approva and former chief executive of Financial Executives International, a trade group for corporate financial officers. "They say, 'I still don't quite understand exactly what it is and what it's going to do for my company.'"

**Slow Birth.** Another wrinkle: Companies in the business of collecting and distributing financial data may face serious competition when XBRL-based applications become available. Information providers such as Standard & Poor's Compustat, Thomson Financial, and Bloomberg may find their business models threatened unless they can adapt in the way Edgar Online is trying to do now.

What's stopping many companies from embracing XBRL is that it has been talked about for years now, without seeming to gather much momentum. The technology was developed in 1999, but the big hurdle was getting companies to agree on the common language for how to tag financial data.

Watson remembers sitting around a table of the first meeting to develop XBRL tags more than four years ago and guessing it would take a year to create the so-called taxonomies. "Standardizing isn't so much a tech issue as it is a people

issue,” she says. The challenge was “getting people around the world to come together, sit at a table with competitors, and develop something that’s good for marketplace.”

**Surprise Coming?** Only in the last three to six months have the taxonomies for the bulk of companies become available, says Willis. Now 90% of companies are covered, while extensions of XBRL for specific industries, like oil or banking, are still being developed.

Today many corporate financial officers say XBRL is pretty far down the list of priorities — after more pressing

challenges like complying with Sarbanes-Oxley and other corporate-governance reform measures, says Livingston. But the SEC’s announcement should serve as a wake-up call. If 20 to 50 companies were to voluntarily submit reports tagged with XBRL in 2005, the new standard would be well on its way to full adoption, he believes.

If that happens this year, it would likely catch many financial professionals by surprise. The good news is they may find digesting XBRL a lot more palatable than they expect.

## GASB Project Helps Governments Communicate to the Public

The Governmental Accounting Standards Board announced that it has added a project to its current agenda that could result in suggested guidelines for governments to help them effectively communicate their accomplishments to the public.

Specifically, the project, known as Service Efforts and Accomplishments (SEA) Reporting, will help governments report the measures they develop and use to gauge the outcomes they achieve in pursuit of their public policy goals. For example, if a government has a goal of increasing high school graduation rates, SEA reporting could help the government to inform the public about its progress toward that goal.

More than two decades of GASB research show that SEA reporting provides important information that can help citizens and their elected representatives better assess how well their governments are achieving their public policy missions.

“In the private sector, net income is the bottom line, but in government the bottom line includes the results achieved primarily through the provision of services to the public,” said Robert Attmore, GASB chairman. “Helping governments effectively communicate what they believe are their most important accomplishments to constituents has been the focus of the GASB’s research on SEA reporting.”

It is important to note that the SEA Reporting project is designed to produce suggested guidelines for voluntary reporting by governments. Accordingly, the GASB does not intend to require governments to report SEA information, nor does it intend to require that governments report specific performance measures or achieve specific levels of performance. Instead, the GASB will consider establishing guidelines that will help government officials communicate performance results that are relevant to their expressed priorities and goals in a manner that the public will find meaningful and understandable.

“As with all GASB projects, any suggested guidelines for voluntary SEA reporting will be developed through a rigorous and open due process that considers the views of all of our constituents and the organizations that represent them,” said Chairman Attmore. “We look forward to working with our constituents, including the newly proposed Joint Performance Management Initiative, to develop these guidelines and to get performance information into the hands of the public and other users of government financial reports.”

### Important Announcement

As you may know, the Chapter has been sending email announcements to keep our members informed. It has come to our attention that some email servers are blocking our emails. If you haven’t received our emails, please send an email to [president@aganycap.org](mailto:president@aganycap.org). Also, put the following email address on your safe list: [aga\\_ny@verizon.net](mailto:aga_ny@verizon.net).

Please keep us informed of any address or employment changes so we may always keep in touch with you.

## The GFOA's Position on the Governmental Accounting Standards Board

The Government Finance Officers Association's (GFOA) Executive Board voted in December 2006 to begin to work together with the other major state and local government organizations to reassess the GASB's continued role as the authoritative accounting standard-setting body for state and local governments. One specific alternative to be explored is the possibility of transferring responsibility for setting accounting standards for state and local governments from the GASB to the Financial Accounting Standards Board (FASB), which currently sets accounting standards for business enterprises and not-for-profit organizations.

The GFOA has come to believe that the GASB's determination to move beyond the traditional boundaries of accounting and financial reporting is a symptom of a much deeper underlying condition. After operating for more than 20 years, the GASB has essentially completed the major tasks that it was originally created to accomplish (e.g., financial reporting model). The GASB's success has left it with something of a dilemma. Either the board must transition into more of a "maintenance mode" and focus primarily on addressing the demand for accounting guidance as it arises naturally in practice, or the board must actively seek creative new outlets for its standard-setting energies.

The GFOA naturally favors the first option because it believes that the notion of cost benefit requires that the supply of accounting standards be justified by real demand. The GASB, on the other hand, clearly seems to have opted for a more "supply-driven" approach, which presumes that demand for the board's services is essentially limitless.

Thus, the GASB appears in recent years to be attempting more and more to find an *accounting* solution to every *financial* problem ("to a man with a hammer, everything looks like a nail"). Thus also the GASB's insistence that its charge extends not just to *accounting*, but to all aspects of *accountability*, thereby staking out a claim to set future reporting standards for virtually all aspects of public administration, both financial and non-financial.

All of these developments have led the GFOA's Executive Board to conclude that the GASB's time has now come and gone, and that some other vehicle would better meet the authentic need of state and local governments for *accounting* standards.

While the immediate stimulus for action was the GASB's insistence on proceeding toward the establishment of a formal project on performance measurement reporting (which the GASB refers to as "service efforts and accomplishments reporting" – SEA), over the strenuous objections of the GFOA and the seven major state and local public interest groups (the National Governors' Association, the Council of State Governments, the International City/County Management Association, the National Association of Counties, the National Conference of State Legislatures, the National League of Cities, and the U.S. Conference of Mayors), other factors were of equal if not greater importance. In particular, GFOA members have voiced growing frustration at a seemingly endless list of projects that appears destined more to complicate financial reporting than to provide additional information of real value to decision makers (e.g., the GASB's recent guidance on sales of future revenues and pollution remediation). Likewise, the seven major public interest groups share the GFOA's concern about the GASB's plans to develop standards on economic condition reporting.

The GFOA spearheaded the efforts that eventually led to the creation of the GASB in 1984. Since then the GFOA has contributed more than \$7 million to support the GASB. Moreover, the GFOA's educational efforts, particularly its Certificate of Achievement for Excellence in Financial Reporting Program, have contributed immeasurably toward gaining acceptance for GASB standards. The GFOA's goal throughout has been to ensure the highest quality accounting and financial reporting for state and local governments. That objective has *not* changed. What has changed, however, is the GFOA's view of the best means of achieving that goal.

In 1984, the GFOA called an end to the distinguished career of the National Council on Governmental Accounting (NCGA) because the GFOA had come to believe that the GASB offered a more effective means of achieving its goal of improved accounting and financial reporting for state and local governments. After almost 25 years, the GFOA now believes a similar change from the GASB to the FASB is in order for this same reason.

The FASB now sets standards for both businesses and not-for-profit entities. In doing so, it clearly distinguishes between the two, recognizing that important differences exist between a profit-oriented business and a service-oriented organization. The same distinction would hold true for state and local

governments were they to come under the FASB's jurisdiction.

As a practical matter, the FASB must set accounting standards for many different types of businesses (e.g., broadcasting, banking, cable television, computer software, finance, franchising, insurance, investment companies, mortgage banking, motion pictures, oil and gas, real estate) and not-for-profits. Indeed, so great is the demand that the FASB has to make use of a special Emerging Issues Task Force to meet pressing demands for practical guidance from various quarters. In such an environment, the challenge of "supply-driven" standard setting is much less likely to emerge than in the case of a board concerned solely with a single type of entity (i.e., state and local governments).

Another practical advantage would be to eliminate *unnecessary* differences in accounting standards between the public and the private sectors (i.e., those that result from differences in judgment between the FASB and the GASB rather than from underlying environmental differences). For example, is it really necessary for derivatives to be accounted for differently in the public sector? In an age of global capital markets, the movement now is clearly toward a convergence in accounting standards. Minimizing *unnecessary* differences between public- and private-sector accounting is an important and inevitable step in that direction.

Likewise, the FASB benefits tremendously from the healthy counterbalance offered by the Financial Accounting Standards Advisory Council (FASAC), which has traditionally played a strong and active role in advising the FASB on its agenda. Unfortunately, the Governmental Accounting Standards Advisory Council (GASAC) has not been successful at carving out a similar role for itself in regard to the GASB, leaving the GASB, as a practical matter, essentially unaccountable to anyone.

Few would challenge the FASB's independence as an accounting standard-setting body. If anything, placing state and local governments under the jurisdiction of the FASB would *increase* the appearance of independence. Moreover, the FASB has long enjoyed recognition as an authoritative accounting standard-setting body from the American Institute of Certified Public Accountants.

The GFOA is determined to work closely with the seven major public interest groups, as well as with other organizations that have an interest in the quality of state and local government accounting and financial reporting.

All change involves risk. There are no guarantees that the FASB would not some day make the same mistakes that the GASB is now making. However, as already explained, the

GFOA believes that recent moves by the GASB are indicative of a deeper "mission crisis" that simply does not exist with the FASB. Furthermore, these same developments have persuaded the GFOA's Executive Board that there is even greater risk (e.g., SEA reporting, economic condition reporting) in remaining with the status quo.

Accounting standard setting is, and must remain, truly independent. Therefore, success requires the concerted efforts of many groups (e.g., the GFOA, the seven major state and local public interest groups, the National Association of State Auditors, Comptrollers, and Treasurers, and the Financial Accounting Foundation, which is the parent body for both the FASB and the GASB). Right now, the GFOA would rate the chances of succeeding at transferring standard-setting authority from the GASB to the FASB at about even, at best. Still, the GFOA is persuaded that it is essential that this issue be raised, and that the inevitable result of doing so will be, at a minimum, greater accountability in the future on the part of the GASB.

The GFOA remains convinced of the ongoing need for an independent accounting standard-setting body. Unilateral action, such as cutting off funding for the GASB, would likely hamper rather than hasten the achievement of the GFOA's objectives. The appropriate approach, in the view of the GFOA's Executive Board, is to seek to bring about change by going through proper channels, in close cooperation with the other concerned state and local governments groups. At the same time, the GFOA's Executive Board does *not* believe that it is appropriate to undertake any new efforts to increase GASB funding until these issues are satisfactorily resolved.

## Thomas Goodfellow Named Committee Chair

Thomas J. Goodfellow, CPA has been appointed chairman of the Government Accounting and Auditing committee of the New York State Society of Certified Public Accountants (NYSSCPA). Tom is a partner with BST-TG Associates, the government contract auditing division of BST. The appointment is for a two-year term effective June 1, 2007.

The Government Accounting and Auditing Committee is a supporting committee of the Accounting and Auditing Oversight Committee. The main objective of the 26 member committee is to identify and respond to issues related to government accounting and auditing. The NYSSCPA is the largest state accounting organization in the nation with 30,000 members.

Tom is a member of the NYSSCPA Construction Committee and Northeast Chapter Board of Directors. He is also a member, principal founder, and past president of the local chapter of the Association of Government Accountants as well as a member of the American Institute of Certified Public Accountants (AICPA) and an associate member of the Intergovernmental Audit Forum.

## A Future Beyond the End of Government

by Stephen Barr, *The Washington Post*

**F**ifty years from now, the federal government will be smaller and many of the huge federal buildings in Washington will be empty of bureaucrats, perhaps replaced by parks and movie theaters.

Elaine C. Kamarck, a veteran of the Clinton administration, offers this vision in a new book, “The End of Government . . . As We Know It: Making Public Policy Work.” Kamarck doesn’t believe a smaller bureaucracy means that government is dead. But, she says, “the post bureaucratic state” will require policymakers to embrace new ways of thinking for the 21st century.

“If we are conscious about what is happening to government, we can make it happen better,” writes Kamarck, who lectures on public policy at Harvard. “If we are not, we can proceed to waste a great deal of money and fail a great many people.”

Kamarck’s book argues that the White House and the Congress will need to find a new way of governing in an era that will be shaped by global terrorism, emerging economic competition from China and India and an aging U.S. population.

Kamarck served in the Clinton administration from 1993 to 1997 as a senior policy adviser and helped oversee the “reinventing government” project launched by Vice President Al Gore. After leaving the administration, she joined Harvard University’s Kennedy School of Government.

Today’s government is a “hodgepodge” that includes old-fashioned bureaucracies, public-private partnerships and outsourcing initiatives, Kamarck writes. But the Sept. 11, 2001, terrorist attacks reordered many federal priorities and, along with Hurricane Katrina, underscored why policymakers need to rethink their approaches to government, she says.

Going forward, policymakers need to better match their goals to appropriate implementation strategies, Kamarck says. The models include:

- Reinvented government, where agencies operate without some of the traditional trappings of bureaucracy and use performance measures to track programs and services. This approach seems suited for routine functions, such as determining eligibility for benefits, or a high level of

security, such as airport passenger and baggage screening.

- Government by network, where agencies provide funding to universities, laboratories, nonprofit and for-profit organizations to do the work that the government wants done. This approach serves policies that require innovation, such as developing weapons for the Cold War or collecting intelligence on terrorism.
- Government by market, where the government uses state power to create a market that fulfills a public purpose. This approach involves few, if any, federal employees and little or no public money and typically involves a policy aimed at changing the way millions of citizens behave, such as creating an incentive for people to stop driving gas-guzzling cars.

The problem is figuring out how to hold agencies, outside partners and contractors accountable for their actions, Kamarck writes. A scandal in one part of a network can doom the entire network, she warns, just as creating markets provides opportunities to game the new systems.

Although many agencies have set goals and try to measure their progress, Kamarck writes, “performance measures do not guarantee good performance.” As an example, she points out that the Federal Emergency Management Agency got “relatively decent marks” from the Office of Management and Budget in the year before FEMA faltered in New Orleans.

A smaller government operating in an increasingly complex world means that federal agencies will need better paid and better educated leadership, she writes.

“If the government is to remain an effective force, people need to be able to make nearly as much money in the public sector as in the private sector. Each of the new forms of government requires a sophisticated package of skills and a broad education — the kinds of skills and backgrounds often found among leaders of industry,” Kamarck writes.

“Western democracies are fooling themselves if they think they can manage into the next century without addressing the wage gap at the top between the public and private sectors,” she writes.

## GAO Finds Fraud in Commuter Program: Federal Workers Selling Transit Cards

by Lyndsey Layton, *Washington Post*

It's a perk of federal employment: a free monthly subsidy that pays for commutes on public transportation. But scores of workers have been taking the government for a ride, selling their benefits on the Internet and pocketing millions in cash each year.

The program, which covers 300,000 federal employees nationwide, has been abused by workers across a variety of agencies, the Government Accountability Office will report to Congress. Workers in the Washington region alone have defrauded the government of at least \$17 million a year, with the actual figure probably several million dollars higher, according to the GAO.

Employees have taken the benefit vouchers, known locally as Metrocheks, and turned them into a kind of black-market currency, selling them — often at a discount off the face value — to buyers who can use them to ride Metro, regional buses or commuter railroads.

Workers have been accepting the transit subsidies but driving to work, or claiming a subsidy far greater than their commuting costs and selling the excess, GAO investigators found. For example, one employee at the Department of Transportation claimed the maximum benefit of \$105 per month, but his commute cost \$54.

Meanwhile, agencies have been handing out transit subsidies to employees who receive free parking spaces, to employees who no longer work for the government and, in some cases, to people who apparently were never employed by the agencies.

Monitoring sales on eBay over three days last August, GAO investigators found 58 people selling Metrochek cards and investigated 20, all of whom were federal employees. Among them:

- A Northern Virginia man who works for the Transportation Department and has been receiving the maximum transit subsidy since 2004, even though he often “slugs” to work — jumping into the impromptu carpools on I-95/395 lanes — gets a ride with a neighbor or rides his motorcycle. He sold his unused Metrocheks, worth \$1,080, on eBay. He told

investigators he did not know it was illegal, despite a warning on the cards.

- Both members of a married couple working at the Defense Department received transit subsidies but drove to work together. The husband told investigators he sold 61 lots of Metrocheks, worth \$6,000, on eBay. The wife denied selling hers and said she used her subsidy for personal travel — a violation of the program — but both spouses' names appeared on the eBay accounts.

- A worker at the Internal Revenue Service received monthly transit subsidies since 2004 and at the same time had a free parking space at his office. He told investigators that he sold Metrocheks valued at \$930 on eBay.

- A worker at the Commerce Department left her job in 2001 but received benefits until 2006, when she changed addresses and the agency caught the mistake. By that time, she had sold Metrocheks worth \$4,000, according to the GAO.

- The Coast Guard gave transit subsidies to one man who apparently did not work for the agency; no employment records could be located for him, the GAO found. The Treasury Department gave Metrocheks to 25 people who never worked at that agency, according to the GAO.

Metrocheks are paper cards with magnetic stripes and are used to pay transit fare. The holder does not have to show identification, and the cards have no coding that would trace them to a federal agency.

Sales have been brisk despite a warning on the back of the Metrocheks that says they are not transferable, and a pledge signed by workers that says they will use the cards only to cover their commuting costs. Approximately 163,000 federal employees in the D.C. metropolitan area receive Metrocheks.

Yesterday in the plaza outside the Transportation Department on 7th Street SW, a federal worker said she had witnessed a Metrochek transaction one morning.

“The only reason I know about it is, one girl who smokes out here, one morning a contractor came up and handed her some money, and she said she was selling her Metrocheks,” said the woman, 49, a Federal Highway Administration employee who spoke on the condition of anonymity. “I guess free money is free money.”

The GAO testimony, scheduled today before the Senate's Permanent Subcommittee on Investigations, describes a program that costs taxpayers \$250 million annually but has virtually no oversight.

“The internal controls on this particular program are grossly inadequate, and no one agency is responsible for overseeing or managing the program — that is a recipe for disaster,” said Sen. Norm Coleman (Minn.), the panel’s ranking Republican, who initiated the investigation. “It’s not a case of someone being asleep at the switch; it’s a case of no one being at the switch at all.”

The GAO flagged the problem as early as 1993, shortly after a handful of federal agencies began offering the subsidies. The program became mandatory for all executive branch agencies in 2000, and participation soared.

But the buying and selling of Metrocheks has gone unfettered. Yesterday, nine sellers on Craigslist and eBay were trying to unload cards.

Coleman said the idea behind the program — to reduce traffic congestion and pollution by getting federal workers to use public transportation — remains worthwhile.

But he said basic controls should be enacted: Employment should be confirmed before someone is enrolled in the program; workers should not get parking spaces and transit benefits at the same time; agencies should verify employees’ commuting expenses; and when an employee leaves an agency, the administrator of transit benefits should be notified.

“Most importantly, there should be greater clarity on precisely which agency or agencies are responsible for running this operation,” Coleman said. And, he said, workers caught selling their Metrocheks should be punished.

Colleen M. Kelley, president of the National Treasury Employees Union, said that her group is concerned about possible fraud. But she noted that the Metrochek program “fills a number of vital needs, including helping federal workers with their commuting costs and assisting in efforts to reduce the amount of traffic.”

GAO spokesman Paul Anderson said his agency sent letters on Friday about specific cases of fraud to the departments of Commerce, Transportation, State, Homeland Security, Defense and Treasury; the IRS; the Patent and Trademark Office; and the Coast Guard. It is up to those agencies to decide whether to pursue administrative or criminal action, Anderson said.

## GAO: Tighten Voting System Standards

by John Moore, *Federal Computer Week*

The nation’s electronic voting systems are in need of comprehensive technology standards, according to a government auditor.

In House testimony, Randolph Hite, director of information technology architecture and systems issues at the Government Accountability Office, called for the Election Assistance Commission to beef up standards for voting systems. The commission was established under the Help America Vote Act of 2002 to promote election reform.

Hite cited some improvement in standards and noted that the commission’s Voluntary Voting System Guidelines address security gaps in previous standards. Those guidelines cover system requirements, performance characteristics, and test and evaluation criteria for national certification of voting systems.

But the commission’s guidelines, which go into effect in December 2007, do not comprehensively address voting technology issues, Hite said. He added that the guidelines fail to address commercial hardware and software that may be used in voting systems with no modification.

In addition, Hite pointed out that a number of state and local authorities aren’t using the current voting system benchmark -- a set of voluntary standards the Federal Election Commission devised in 1990 and revised in 2002. As of the 2006 general election, a substantial number of states and jurisdictions had yet to adopt those federal standards, he said.

“The [Election Assistance Commission] needs to move swiftly to strengthen the voting system standards and the testing associated with enforcing them,” Hite said. “However, the EAC alone cannot ensure that electronic voting system challenges are effectively addressed. State and local governments must also do their parts.”

Hite said the commission agreed with GAO’s recommendation but told the agency that it faces resource constraints that limit its ability to perform its duties.

# Agencies Urged to Lead Way on Engaging Older Workers

by Brittany R. Ballenstedt, govexec.com

The federal government should be a model for the private sector in terms of how it engages and retains older workers, according to a recent report from the Government Accountability Office.

The government — as an employer of millions that is facing a wave of retirements — must set a standard for changing the culture of retirement and removing obstacles to older workers staying in their jobs past when they're eligible to leave, the report stated.

The report (GAO-07-438SP) highlighted conclusions from a December 2006 GAO forum on retirement that drew participants representing federal agencies, private sector businesses and unions.

“The aging of the baby boom generation, increased life expectancy and declining birth rates have created a demographic tsunami that poses serious future challenges for individuals, employers and the economy,” Comptroller General David M. Walker said in the report. By 2025, labor force growth is expected to be less than a fifth of what it is today, the report noted.

GAO concluded that if older employees stayed in the labor force longer, even on a part-time basis, it could mitigate some of the economic pressures on Social Security. It also would supplement individual retirement incomes and help finance health care.

“If you really value employees with good experience, instead of losing them, maybe there is something we can do to keep them longer and train the people behind them,” said John Palguta, vice president for policy and research at the nonprofit Partnership for Public Service in Washington.

One key challenge is that there is a limited pool of employees interested in working longer. That's due to financial incentives for federal employees to retire as soon as possible, the desire on the part of some of them to stop working or change careers, and requirements that make continuing in some federal jobs unappealing or unfeasible because of health issues.

Many older workers face age discrimination and have difficulty keeping their skills up to date, and some employers

have skewed views about the cost of hiring and retaining such workers, the report stated.

The government should address these challenges through new recruitment strategies, workplace flexibility, benefit and incentive packages, and a consistent performance management system, forum participants said. They also said there is a need to improve the financial literacy of workers and help them better prepare for retirement.

The government could help create models of employment for older Americans through legislation or regulations increasing flexibility for both employers and workers, the report said.

GAO's report comes on the heels of the release of a white paper by the Partnership for Public Service on a new initiative designed to entice retiring private sector baby boomers to consider “encore” careers within the federal government.

“The federal government should tap into the pool of talented workers who are represented by the baby boomers,” Palguta said.

A Partnership survey found that 70 percent of retirees say they want to continue work in some capacity. And if those employees are leaving a career in the private sector, “the public sector may be very attractive because it gives [retirees] the opportunity to do something meaningful,” Palguta said.

But it should be a two-way street, with some public service retirees moving to private sector jobs as well, Palguta said. “It is a healthy and beneficial exchange. The door can swing both ways.”

You might be an Accountant if...

- you refer to your child as Deduction 214.
- you deduct Exlax as “Moving expenses.”
- you have no idea that GAP is also a clothing store.
- at the movie Indecent Proposal you did a NPV calculation.
- getting to sleep is an exciting event that you look forward to all day long.
- you decide to change your name to a symbol and you choose the double underline “=====”.

## Big Hairy Audacious Goals (BHAGs)

from Governing Notes, newsletter of the Northern Utah AGA Chapter  
November 2006

Oh no, not another article on goal-setting!

As trained accountants, we have each probably attended dozens of classes and read hundreds of articles on setting goals. Sometimes we apply what we have learned and find out that this process can help us achieve things we perhaps didn't think were possible. Or, maybe we have just found it to be a useful tool to help accomplish our daily tasks. However, it would be my guess that most of us don't use these tools on a regular basis to improve ourselves, our organizations, nor the services we provide.

This article is not about how to set and achieve goals. Rather, its purpose is to point out what can happen when organizations have the vision to set goals that are not only challenging, but involve some risk, and perhaps a little audacity. At the same time, they are goals that can be reached — with a great amount of effort.

In his book entitled "Built to Last," Jim Collins identifies certain organizations which have had the vision to take the risk on certain projects that they have undertaken. They have put their entire reputations and bank accounts on the line and have overcome some overwhelming odds to succeed.

Big Hairy Audacious Goals are not your typical everyday goals to complete a project on time or to read and assimilate an important standard or document. A BHAG is a commitment to challenging, audacious — and often risky — goals and projects toward which a visionary organization channels its efforts to stimulate progress. The goal must be clear and compelling.

"Like climbing a big mountain or going to the moon, a BHAG may be daunting and perhaps risky, but the adventure, excitement, and challenge of it grabs people in the gut, gets their juices flowing,

and creates immense forward momentum."

In the early 1960s, President John F. Kennedy set an audacious goal to have a man on the moon by the end of the decade. Many people thought he was crazy and that the risk was too great. But many people caught the vision of that BHAG, and the goal was achieved.

Under similar circumstances, another person may have set a nebulous goal of staying ahead of the Russians in the race for space. Goals that are not specific or do not cause us stretch result in mediocrity.

Collins identifies several companies who have "bet the ranch" on projects and goals that have proven successful against all odds. Boeing had a BHAG to create the world's first commercial passenger jet — the 707. And later they had a BHAG to create the world's first passenger jumbo jet — the 747. No one outside of Boeing thought they could succeed. But after several painful years of layoffs and losses, in both cases, they were successful in bringing these products to market and ultimately left the competition in their dust.

In 1977, Sam Walton had a BHAG of becoming a \$1 billion company in four years (more than doubling its size). Sony had the BHAG of becoming an international company with products whose quality was second to none. Walt Disney had the BHAG of producing the world's first full-length animated feature film. It was labeled "Disney's folly." But now Mickey Mouse is one of the most universally recognized animated characters in the world. Disney also had the BHAG of creating a radically new theme park. The rest, as they say, is history.

The list goes on and on. Collins stated: "The BHAGs looked more audacious to outsiders than to insiders. The visionary companies didn't see their audacity as

taunting the gods. It simply never occurred to them that they couldn't do what they set out to do."

Joel Barker, well-known futurist and writer, encourages us to ask the question, "What is impossible to do today, but if it could be done, would fundamentally change our organization for the better?" He challenges us to identify what that thing is, change our paradigm, and chase that goal with our whole souls.

We encounter a great amount of complacency in our world today. Many people think that most government employees are very complacent in their jobs. And perhaps many of the hoops we have to jump through and regulations limiting our abilities result in complacency. I for one find complacency very boring! I need to have a goal or project that keeps my interest piqued and provides some challenge and growth in my life. Without it, I find that life has little purpose.

Sometimes it seems that many accountants think that it is not cool to be too excited about our work. There must be something wrong with us if we look forward to coming to work each day. We must be crazy if we enjoy taking on extra assignments that are challenging and perhaps bring a little stress into our lives. "After all, since I am just a few years from retirement I have the right to kick back a little and enjoy my last few years. Right?" Wrong! At least partially wrong. We certainly need to enjoy ourselves. But that joy comes not from kicking back, but rather from putting in a little extra effort to see if we can improve our organization and ourselves.

Is there something that could change your organization for the better? Are you willing to take the risk? Do you have the vision to succeed? Do you have any big hairy audacious goals? Go for it!

**CGFM**  
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## The Year in Review for Certifications

by Amanda Zibella, Chapter Vice  
President for Certification



In the beginning of January, the Professional Certification Information Seminar was held with the other professional organizations, AFCE, IIA, ISACA and NYSSCPA to give attendees the opportunity to meet with the organizations, ask questions and obtain written information regarding the different certifications. At the end of January, the chapter offered AGA National's Course One: Government Environment. The course was presented by Virginia Robinson, AGA Past National President and was well received. Our chapter has a complete set of study guides from AGA National for each of the exams. During the year, the study guides are available for our members to borrow who wish to pursue the certification. The chapter provided over 60 continuing professional education (CPE) credits through seminars and audio conferences throughout the year to meet the CPE requirement.

The Joint Committee for Promoting Professional Certification was formed in 2004 by individuals from other organizations, AICPA, IIA, AFCE, ISACA and IMA who sought to bring the certifications into the promotion process throughout the New

York State workforce. In June, the Joint Committee met with Directors and Staff from different agencies within NYS to have a roundtable meeting to discuss current practices within their agencies and long term strategies.

Each year, AGA National presents crystal awards to recognize AGA chapters that have done an outstanding job in promoting the program to its members, other accountability professionals, and their community. This year was the first for the CGFM award. Our chapter submitted a nomination to AGA National and won based on our all of our accomplishments throughout the year. At the end of June, the chapter will be presented with a plaque during a special ceremony at the Annual Professional Development Conference in Nashville, Tennessee.

We will begin planning events for next year over the summer, if anyone is interested in being involved on the Certification committee next year, please call Jill Flinton, (518) 437-9390 ext 241, [jill.flinton@oig.hhs.gov](mailto:jill.flinton@oig.hhs.gov) or myself at (518) 486-1253, or e-mail me at [azibella@osc.state.ny.us](mailto:azibella@osc.state.ny.us).

### CGFM CPE Requirements

In order to maintain their CGFM designation in an active status, CGFMs must adhere to the AGA's Code of Ethics, pay the annual renewal fee by March 31 and meet the following continuing professional education (CPE) requirements:

- complete at least 80 hours of CPE every two years in government financial management topics or related technical subjects.
- maintain and, if requested by AGA, provide detailed information on CPE hours completed.

The two-year CPE cycle is based on the year the CGFM was awarded. For a list of cycles, please visit [http://www.agacgfm.org/cgfm/maintain/cgfm\\_calendar.aspx](http://www.agacgfm.org/cgfm/maintain/cgfm_calendar.aspx).

Determining if CPEs are applicable: continuing professional education hours that

would satisfy the CGFM Program's requirement must be in government financial management topics or related technical subjects applicable to government financial management areas.

The CGFM is initially responsible for determining whether a topic or subject qualifies as acceptable CPE. To help one make that determination, the CGFM should consult the CPE Requirements booklet (available online at [http://www.agacgfm.org/cgfm/maintain/cpe\\_requirements.aspx](http://www.agacgfm.org/cgfm/maintain/cpe_requirements.aspx)), including a listing of more than 50 topics and subject areas that could qualify for government financial management CPE hours. Additional questions should be referred to the Office of Professional Certification - 703.684.6931, ext. 305.

Maintaining proper documentation: CGFMs need to maintain documentation to substantiate their statements of completed CPE for a minimum of three years. This documentation may be requested by AGA

as part of a CPE audit or a reactivation process.

The proper backup documentation must clearly state the individual's attendance or completion of the CPE activity. Examples of such documentation include: a certificate of attendance or completion, a certificate of CPE hours earned, a grade report or an official letter from the event sponsor or employer stating that the CGFM has attended the event.

The documentation must include the following information:

- sponsoring organization,
- location of the activity,
- title of the program,
- individual's name,
- completion date (or dates attended),
- number of CPE hours earned.

For more information on the requirements to maintain a CGFM in an active status, please visit <http://www.agacgfm.org/cgfm/maintain/>

# New York Capital Chapter 2007 Membership Survey Results

by Kirk Schanzenbach, Chapter Director

The Chapter Strategic Direction Committee (the Committee) is responsible for overseeing the Chapter's Strategic Plan, By-Laws and Policies and Procedures and making recommendations for change. The current committee consists of Jim Nellegar (Chair), Marcella Junco (Chapter President), Brian Gee (President Elect), Ray Harris, Jim Cox, Linda Zinzow, J. Dwight Hadley and Kirk Schanzenbach.

Periodically the Committee conducts a survey of the Chapter membership to help gauge overall satisfaction with member services, as well as provide input into the development of chapter strategic and operating plans.

The 2007 membership survey results are in!!!! There were 105 members who responded out of a total membership of approximately 400, about 25 percent of the membership.

After a complete analysis and discussion of the results, some key messages and an overall summary of the results were prepared and are provided below.

## Key messages

- Overwhelmingly, the members who responded are satisfied with their AGA membership and would recommend it to their colleagues. The general feeling is that we should keep doing what we are doing.
- CGFM is the most common designation, held primarily by more experienced members. A number of respondents have multiple certifications.
- Respondents are attending training primarily based on topic, CPE credits and cost.
- By far the primary reason for membership was professional development/CPEs.
- Members want to hear about events primarily through e-mail notification.
- Members are looking to increase networking opportunities and employer support.
- The cost of membership is a barrier to recruiting new members.
- The 4 to 10 year membership group seemed to have different preferences than the other groups.

## Overall Summary

- While many respondents had plenty of experience, we do seem to be drawing members in from a steady mix of all experience groups.
- Many of our members are CGFMs, but they were grandfathered in. Many of our members have multiple certifications.
- The top reasons for attending training appear to be topic, CPE credits and cost. However, the 4 to 10 years group had somewhat different preferences. Cost was a lesser factor for the Zero to 3 years group.
- Overwhelmingly, members like e-mail as their primary means of learning about Chapter events. The newsletter was a distant second, but was preferred by longer-term members than newer members.
- By far the primary reason for membership was professional development/CPEs. Networking was a distant second. The results were pretty consistent across all groups.
- Overwhelmingly, respondents were satisfied with their membership and would recommend membership to their colleagues. Only 5 of the respondents were dissatisfied.
- When answering the question regarding the value of membership, more than half of the respondents said that their membership was valuable to them because of the networking. The rest of the respondents indicated that professional development/CPEs/training/staying current in their field made their membership valuable.
- Respondents indicated that their membership would be more valuable to them if they had more time to participate, they received training in new areas, there were more events and/or the dues were lower.
- Cost of membership was the top barrier for colleagues joining. Time to participate and no reason for not joining were next. Lack of knowledge of the benefits was third.
- The highest number of respondents indicated that there was nothing else the Chapter could do to help them as members. Most of the other answers indicated that the Chapter should continue to offer good, low cost training. Several respondents indicated that promoting the CGFM and increasing networking opportunities would help them.

## Honorable Randolph F. Treece

### US Magistrate Judge – Northern District

by Danielle Rancy

**O**n February 6, 2007, AGA and interested members of the community gathered at Wolfert's Roost on Van Rensselaer Boulevard for the Chapter's "How Did I Get to Be Me" breakfast to listen to and learn from the Honorable Randolph F. Treece, US Magistrate Judge for the Northern District of New York. Judge Treece was the first African-American to be appointed to the federal judiciary in the Northern District of New York and the first person of color to be appointed or elected to the judiciary at any level, state or federal, in 104 years in upstate New York. I had the distinct pleasure of interviewing this very accomplished and successful man.

Judge Treece, who prefers to be called "Randy," took us on an enjoyable journey through his life while he humbly imparted life lessons, accomplishments, obstacles and proudest moments to the excited audience. He told the audience of the pain and isolation he faced as the only African-American male in his elementary school in Lansingburgh; how painful it was to be one of the most popular students in the school but never invited to any of his classmates' parties and how lonely he felt never getting a date to school dances.

Judge Treece shared the stories of inspirational people and events that catapulted him to great successes. Two integral people in his life were his mother and godmother, whom he credited with instilling the positive outlook on life he has had since childhood and his love of education. He told the audience about a remarkably inspiring event from his early years at Siena College. This event proved to be so profound for Judge Treece that he was visibly moved to tears while telling the story. The story is: he felt disconnected from the students and faculty at the school and unsure of his future life plans. One day, while shooting baskets alone in the gym,

he was approached by two African-American men who worked as cooks at the school. These men told him how great it was that an African-American was attending Siena and how proud they will be when he graduated. Their statements were so inspiring that he credits them for motivating him to continue his education at Siena and successfully completing his undergraduate studies.



His current duties as a US Magistrate Judge require him to significantly limit his professional affiliations and community service activities; however, Judge Treece has an extensive history of giving back. As a law student, he established a Mentor/Legal Writing Program for Students of Color at Albany Law School, which not only still exists today, but also has flourished into an essential resource for minorities attending that school. He co-founded and presided over the Capital District Black Bar Association for 15 years, served on various boards and legal committees, has been bestowed with several awards, delivered countless speeches and has published several

legal opinions and articles, yet when asked about what he is most proud of – he responded without hesitation: "My daughter, Shani."

This experience proved to be invaluable for me; particularly since, from a very young age, I wanted to be a lawyer and eventually a judge. As I listened to Judge Treece's endeavors and accomplishments, I realized that he is not only a successful man, but also a remarkable person. He opened-up to the audience and revealed his humility, strength, wisdom and compassion. His energy and experiences inspired me and evoked my passion for the law. Without question, Judge Treece has left an indelible impression on the legal profession, his community and, safe to say, me.

## The AGA New York Capital Chapter's Proposed Slate for 2007-08

The Chapter Nominating Committee has selected the following members to serve on the Chapter's Executive Committee (CEC) for the 2007-08 fiscal year. In accordance with the Chapter's Bylaws, 20 percent of the Chapter's members, or 30 members (whichever is less), may submit an independent nomination for any officer or director position (except President) within 45 days of the date of this notice (April 16, 2007) to the President-Elect (Brian Gee). If there is a contest for an elective office, ballots will be prepared and distributed by the Chapter's Strategic Direction and Bylaws Committee (SDBC). The SDBC shall certify the results of an election to the President. If there is not a contest for an elective office, the SDBC shall certify the election to the President without ballot.

<b>Position</b>	<b>Nominees</b>	<b>Employer</b>
President .....	Brian Gee .....	NYS Office of Mental Retardation and Developmental Disabilities
Immediate Past President .....	Marcella Junco .....	KPMG, LLP
President-Elect .....	Amanda Zibella .....	NYS Office of the State Comptroller
V.P. – Certification .....	Jill Flinton .....	U.S. Dept of Health and Human Services
V.P. – Communication .....	Roger Mazula .....	NYS Office of the State Comptroller
V.P - Community Service .....	Ann Marsh .....	NYS Education Department
V.P. – Membership .....	Thalia Davis .....	NYS Office of the State Comptroller
V.P. – Education .....	Mike Abbott .....	State University of New York
V.P. – Marketing .....	Ray Harris .....	Association of Government Accountants
Secretary .....	Karla Schumaker ...	NYS Office of the State Comptroller
Treasurer .....	Suzanne Trczinski .	NYS Office of the State Comptroller
Web Coordinator (non-voting) .....	Laura Brown .....	NYS Office of the State Comptroller
Board of Directors '06-'08 .....	Jim Nellegar .....	NYS Office of Mental Retardation and Developmental Disabilities
Board of Directors '06-'08 .....	Will Reynolds .....	Bollam, Sheedy, Torani & Co.
Board of Directors '06-'08 .....	Jim Cox .....	U.S. Dept of Health and Human Services
Board of Directors '06-'08 .....	Linda Zinzow .....	NYS Department of Transportation
Board of Directors '06-'08 .....	Matt Lindemann ....	Wojeski & Co.
Board of Directors '07-'09 .....	Shelly Taleporos ....	NYS Department of Labor
Board of Directors '07-'09 .....	Kirk Schanzenbach	NYS Office of the State Comptroller
Board of Directors '07-'09 .....	Dwight Hadley .....	Albany Airport Authority
Board of Directors '07-'09 .....	Nicole Van Hoesen	NYS Office of the State Comptroller
Board of Directors '07-'09 .....	Scott Ray .....	NYS Department of Labor

### Meet the New CEC on June 6

Please join us on June 6 for the Chapter's Annual Member Appreciation Luncheon at Wolfert's Roost Country Club, Van Rensselaer Boulevard, Albany and meet the new CEC. Registration begins at 11:30 a.m. and lunch starts at 12:00 p.m.

### Committees

Why not volunteer a little time and effort and help the Chapter with one or more of our committees

Audit Committee	Communication Committee	Membership Committee
Awards Committee	Community Service Committee	Nominating Committee
Budget and Finance Committee	Education Committee	Social Committee – 30 <sup>th</sup> Anniversary
Certification Committee	Marketing Committee	Strategic Direction and Bylaws Committee

## AGA New York Capital Chapter Awards June 2007

Come to the Annual Chapter Membership Appreciation Luncheon at the Wolfert's Roost Country Club on June 6, 2007 and help celebrate with your colleagues.

### Distinguished Service Award

Raymond Harris

### Tone From the Top Award

Matt Lindemann

### Chapter Champion Award

Jill Flinton

### Chapter Service Awards

Mike Abbott

Jim Cox

Wally Donnelly

Karen Lyndon

Ann Marsh

Kirk Schanzenbach

Suzanne Trzcinski

Linda Zinzow

### Certificates of Appreciation

Laura Brown

Ed Cahill

Marion Chaney

Thalia Davis

Deanna Dowd

Kathy Garceau

Brian Gee

Dick Gerard

Randall Griffin

Dwight Hadley

David Hancox

Debbie Harrington

Henry Hess

Emily Kunchala

Roger Mazula

Jim Nellegar

Mary Peck

Danielle Rancy

Scott Ray

Will Reynolds

Sandra Schleicher

Karla Schumaker

Gary Simpkins

Chris Stephens

Shelly Taleporos

Lori Vacarro

Nancy Varley

Amanda Zibella

### Certificates of Participation

Tom Boehlert

Linda Cioffi

Sigrid Coons

Karen Cushman

Nora Galto

Richard Harding

Darren Kempner

David Malone

Paula Messac

Katie Meyer

Teresa Mezz

Catherine Mogul

Sue Mottler

Sandra Peragine

Sharon Siekowski

Nicole VanHoesen

### Happy Milestone Anniversaries to Chapter Members

#### 30 Years

Robert B. Ramage

Thomas J. Goodfellow, CPA

Richard K. Sturm, CGFM

#### 25 Years

Ronald A. Pisani, CGFM

Robert H. Attmore, CGFM, CPA

Katie Meyer, CGFM

#### 20 Years

Frederick J. Shellard, CGFM

Willard G. Reynolds, CGFM, CPA, CFE

Richard A. Gerard, CGFM

James M. Brunt, CGFM

H. Michael Luft, CGFM

Brian E. Mason, CGFM













Walter Gerald Barber, CGFM

Eugene Farley, CGFM, CPA

## The Chapter Has a New Strategic Plan

Take a look at the New York Capital Chapter's new Strategic Plan. It is our roadmap for the future. Your comments are welcome. You can find the Strategic Plan on the Chapter's Internet website.

### Maneuvers

-  **1:** Start out going SOUTH with CHAPTER GOVERNANCE.
-  **2:** Turn LEFT onto FINANCIAL STABILITY.
-  **3:** Turn RIGHT onto CONTINUING PROFESSIONAL EDUCATION.
-  **4:** Stay STRAIGHT to MEMBERSHIP GROWTH AND RETENTION.
-  **5:** Merge onto EARLY CAREER DEVELOPMENT.
-  **6:** Stay STRAIGHT to PROFESSIONAL CERTIFICATION.
-  **7:** Turn LEFT onto COMMUNITY SERVICE.
-  **8:** Stay STRAIGHT to SOCIALIZATION.
-  **9:** Turn RIGHT onto RECOGNITION.
-  **10:** Stay STRAIGHT to COMMUNICATION.
-  **11:** Merge onto MARKETING.
-  **12:** Exit onto AGA PLATINUM CHAPTER AWARD.

**Total Est. Time:** 1 year.

## Request for Newsletter Submissions, Comments, or Suggestions

Do you have any comments or suggestions regarding the newsletter? Do you have an article you would like to see in print? Have you developed a time-saving process or procedure on the job? Have you traveled to any interesting locations?

*Capital Ideas* requests that you submit any and all items of interest to our federal, state, and local members including: reviews of recently published books related to financial management; unique travel experiences or assignments; lessons learned on rollouts of new systems; appointments or promotions; employment opportunities; and noteworthy accomplishments by our members. We also welcome digital photos that accompany your submission.

Please send your comments and contributions to Roger Mazula, the newsletter editor at [rmazula@osc.state.ny.us](mailto:rmazula@osc.state.ny.us).

## Membership News: Recruitment Efforts

by Thalia Davis, Chapter Vice President for Membership

With recruitment scholarship funds from AGA national, we focused our efforts on encouraging student participation. The various members of the membership committee went to the local colleges to speak to students. To encourage participation in our "How I Got To Be Me" breakfast on February 6, 2007, we sponsored six students to attend the breakfast.

Suzanne Trzcinski gave a recruitment presentation at Rockefeller College (School of the University of Albany). The presentation was given to students (early career) studying for a Masters in Public Administration from the Professional Applications class. The class emphasizes the early development of professional skills, the ability to work in teams, career planning, and an awareness of trade-offs in modern administration. One requirement of the class is to join a professional organization. Suzanne shared with the students information about AGA, our local chapter and the CGFM. Many students were interested in joining the AGA.

Karla Schumaker and Thalia Davis visited a Technology and Audit class at Siena College and talked about the benefits of joining AGA. We navigated the website and discussed information about the scholarships and job resume bank for the students.

Thalia Davis and Danielle Rancy visited the Albany State University Black Alliance (ASUBA) group to discuss the benefits of joining AGA to an audience of about 25-30 students.

Thalia Davis and Danielle Rancy visited the Educational Opportunity Center at SUNY Albany. We discussed the benefits of joining AGA to an audience of about 15. We gave away three student memberships along with six free breakfasts to our "How I Got To Be Me" series. We also provided light dinner of sandwiches, soda and cookies. The food was a big hit.

Karla Schumaker and Thalia Davis visited SUNY's Beta Alpha Psi, an accounting organization. We had an audience of about 33. Our presentation focused on the benefits of recruiting student members. We discussed scholarships available for students, the career resume bank and networking. We gave away two memberships to students who were interested in joining.

Reminder:

Memberships renewal was due on March 31, 2007. If you have not renewed, you can renew online or by mail. We look forward to your continued membership with AGA.



### Chapter Membership Statistics As of April 30, 2007

419 members  
52 new members

85% of base growth  
58% of new member acquisition  
91% of retention

### AGA New York Capital Chapter Balance Sheet As of May 13, 2007

<b>Assets</b>	
Checking/Savings	\$69,066.28
Accounts Receivable	395.00
Accounts Receivable	9,715.80
Prepaid Postage	15.48
TCTC Seed Money	<u>3,000.00</u>
<b>Total Assets</b>	<b><u>\$82,192.56</u></b>
<b>Liabilities &amp; Equity</b>	
<b>Liabilities</b>	
Accounts Payable	\$113.75
Due to TCTC	<u>50,782.63</u>
<b>Total Liabilities</b>	<b><u>\$50,896.38</u></b>
<b>Equity</b>	
Retained Earnings	\$25,557.30
Net Income	<u>5,738.88</u>
<b>Total Equity</b>	<b><u>\$31,296.18</u></b>
<b>Total Liabilities &amp; Equity</b>	<b><u>\$82,192.56</u></b>

## AGA'S 56<sup>TH</sup> ANNUAL PROFESSIONAL DEVELOPMENT CONFERENCE & EXPOSITION

June 24–27  
24 CPE hours  
Nashville, TN



### 2007 PDC in Nashville

Saddle up, dust off your best pair of boots and get ready for PDC 2007!

Join us in Music City, USA for AGA's Professional Development Conference & Exposition— *the* government financial management education and networking event of the year!

Staying current with changes in government financial management is a huge challenge. Let AGA help. With dozens of educational sessions, social events and exhibitors available, the PDC is an authoritative source for the knowledge and contacts you need to succeed in today's constantly changing environment.

Offering 24 CPE hours, the PDC is a valuable event for all government finance professionals, whether you are handling the detail work on the front lines, or managing a team amid difficult political and financial realities.

The PDC offers exceptional training opportunities. Learn about the newest research in the field. Find out about tools

and techniques that have advanced the profession. Hear dynamic speakers. Meet the top leaders from federal agencies, state and local governments, the private sector and academia. Take part in small-group discussions, explore the issues facing the profession and find some answers.

Sessions will be organized around the following tracks:

- Accountability & Ethics
- Auditing Tips, Tools & Techniques
- Financial Management Strategies
- Innovative Funding Mechanisms
- Management Challenges & Solutions

The PDC is also about networking. Take advantage of the many receptions and social events that are planned, and enjoy the Grand Ole Opry, Country Music Hall of Fame, historical landmarks, good food and fun that Nashville has to offer. Bring your family and explore the Nashville Zoo, Adventure Science Center and other attractions.

The stage is set for a Grand Ole Opportunity. Don't miss this outstanding educational and networking event...Register today!

## Microsoft to Launch MySpace for Accountants

AccountingWEB.com - Microsoft has announced its plans to launch an online community site for financial professionals, similar to the popular MySpace networking site.

Calling it a "MySpace for financial pros," Microsoft has yet to give the Dynamics Live Beta Community site a more marketable name.

The site will be aimed at corporate controllers, finance managers, finance staff and accountants and includes blogs, forums, tagging, RSS syndication and other community-specific features.

The news follows Reuters' recent announcement that, it too, will launch a "MySpace for Finance" in the near future.

The software giant made the announcement at its Convergence 2007 conference in San Diego as a way to help its Dynamics Live Beta Community better connect with their external communities of customers, suppliers and partners.

"You can think of it as the MySpace for financial professionals," said Satya Nadella, corporate vice president of

Microsoft Business Solutions group. "It's how you can have a Convergence [show] 365 days a year."

In talking to customers, one of their main reasons for attending the Convergence show is to engage with their peers, said James Utzschneider, general manager of Dynamics marketing at Microsoft.

The vendor has been spending a lot of time recently looking at the Web 2.0 world to discover how the social-networking technology mostly aimed at teenagers could be applied to a business setting, he added.

# Early Careers Center

## Employers Form Opinions of Job Candidates Within 10 Minutes

from AccountingWEB.com



Hiring managers often know whether they might hire someone soon after the opening handshake and small talk, a new survey suggests. Executives polled said it takes them just 10 minutes to form an opinion of job seekers, despite meeting with staff-level applicants for 55 minutes and management-level candidates for 86 minutes, on average.

The survey was developed by Robert Half Finance & Accounting and conducted by an independent research firm and includes responses from 150 senior executives with the nation's 1,000 largest companies.

Executives were asked, "How long does it typically take you to form either a positive or negative opinion of a job candidate during an initial interview?" The mean response was 10 minutes.

In addition, executives were asked, "How many minutes, on average, do you spend meeting with a staff-level candidate during a job interview?" The mean response was 55 minutes.

Respondents also were asked, "How many minutes, on average, do you spend meeting with a management-level candidate during a job interview?" The mean response was 86 minutes.

"The interview begins the moment job seekers arrive, so applicants need to project enthusiasm and confidence from the start," said Max Messmer, chairman and CEO of Robert Half International and author of *Job Hunting For Dummies*®, 2nd Edition (John Wiley & Sons, Inc.). "The opening minutes of the conversation often set the tone for the rest of the discussion, making it wise to prepare especially well for the first few interview questions."

Here are five questions frequently asked at the beginning of an interview and tips on how to respond:

### 1. Can you tell me a little about yourself?

Concisely discuss your professional goals and interests as they relate to the job opportunity. Your answer should provide insight into why you are the right fit for the position and the company.

### 2. What do you know about our firm?

Research the business beforehand and be prepared to describe how your skill set and experience will help you contribute to its success.

### 3. Why do you want to work here?

Whether it's the company's values, history of success or reputation in the industry that attracted you, respond in a way that shows you understand the organization's priorities and business objectives.

### 4. Why are you looking to leave your current position?

Keep your answer focused on the opportunity — for example, a chance to advance your career. Remain positive and avoid disparaging other employers.

### 5. What is your most significant professional accomplishment?

Cite an achievement that demonstrates your abilities and shows you value results.

## *Advancing Government Accountability*

Surf over to the New York

Capital Chapter's Website

<http://www.aganycap.org>



## The ABCs for Career Success

**A**nticipate that advancement is more likely to be reflected in expanded job functions, rather than upward moves on a corporate pyramid.

**B**e friends with everyone. Keep in mind that today's enemy may be tomorrow's boss.

**C**onstructive criticism should be welcomed. Accept whatever seems to make sense to you.

**D**on't bad mouth your colleagues, your employer. People respond best to those who are positive.

**E**valuations of job performance can be very helpful. If your organization does not conduct periodic evaluations ask your supervisors for feedback.

**F**riends can make any job easier and more pleasant. However, when you are new, avoid too close relationships until you get a clearer sense of the organization and people.

**G**ive some thought to the style and culture which characterize your employer and adjust to them.

**H**obbies and other interests outside of work will make you a more interesting person and provide a psychological cushion when things are going bad at work.

**I**dentify one or more people who do the kinds of work you'd like and try to shadow their activities. Join professional organizations in your field. The contacts may help with your job and assist if you see to change positions.

**J**oin professional organizations in your field. The contacts may help with your job and assist if you seek to change positions.

**K**eep in touch with coworkers, who left to join other organizations. They may help if you wish to change jobs.

**L**ook for tasks where you can acquire new skills or achievements to add to your resume.

**M**entors can play an important role in careers. In early years, seek out one or two who may help you advance. In later years, becoming a mentor to younger workers who may help you execute your responsibilities.

**N**egotiating is a very important skill in corporate America today. Add it to your repertoire.

**O**bserve how the most successful employees operate and try to emulate their skills.

**P**aperwork is important. Save copies of job-related correspondence, reports of which you are proud, etc. to document your career.

**Q**uitting a job is always difficult. If you change employers, try to leave without alienating those who remain with the organization.

**R**ecessions and cutbacks may be anticipated. Have a few fallback positions or a paying part time job in mind.

**S**alary is important but the long-range potential of a job is even more critical.

**T**eamwork rather than individual activity seems to be the key to success in today's work world.

**U**nless you clearly stand out in a group, seek projects where your work will be clearly identified and recognized.

**V**olunteer with community organizations. Employers like staff members who perform community service and you may develop contacts which may help your career.

**W**ork smart, not just hard. Put the most emphasis on your most critical functions.

**X**-cell at what you do. That's the best way to ensure career success. Nothing will help your career more than a reputation for high quality work.

**Y**our boss will play a key role in determining your future prospects. Learn what he or she thinks are the most important parts of your job and emphasize them.

**Z**ero in on your organization's goals and keep them in minds as you make daily on the job decisions.

# Help Wanted!

## Auditing Positions Available at SUNY

The State University of New York (SUNY) System Administration, located in Albany, New York seeks applications for an Internal Auditor-in-Charge and an Internal Auditor to perform assignments to further the University's Internal Audit Plan. The conduct of such assignments includes the application of Internal Audit Standards as well as the review and application of internal controls.

### Internal Auditor-in-Charge

The supervising internal auditor will work under the direction of an audit manager (assistant university auditor), supervise internal audit staff, and prepare all necessary audit reports and recommendations. Other responsibilities include but are not limited to performance of detail test work, compilation of financial and operational data and completion of analytical work. This position requires approximately 30% travel to SUNY campuses throughout New York State.

Qualifications: Bachelor's Degree in accounting or related field (e.g. finance and business management) from an accredited program, with a minimum of 3 years professional auditing experience. Candidate must be able to use Microsoft Office applications (e.g. MS Word, Excel, and PowerPoint). Other required qualities include analytical skills, strong oral and written communication skills, demonstrated initiative and a desire for professional growth. CPA, CIA, or CGFM is preferred.

Salary Range: \$55,000 - \$70,000 + excellent fringe benefits.

### Internal Auditor

Responsibilities of the Internal Auditor include but are not limited to performance of detail test work, compilation of financial and operational data, completion of analytical work, and preparation of workpapers and other written reports. The internal auditor will work under the supervision of a senior staff member and requires approximately 30% travel to SUNY campuses throughout New York State.

Qualifications: Bachelor's Degree in accounting or related field (e.g. finance and business management) from an accredited program. Candidate must be able to use Microsoft Office applications (e.g. MS Word, Excel, and PowerPoint). Other required qualities include analytical skills, strong oral and written communication skills, demonstrated initiative and a desire for professional growth. Internship experience in accounting or auditing and interest in certification (CPA, CIA, or CGFM) is preferred.

Salary Range: \$35,000 - \$40,000 + excellent fringe benefits.

Interested candidates should send a letter of application, resume, transcript and references to: Search Committee, State University of New York, System Administration, Office of the University Auditor, State University Plaza, N-120, Albany, New York 12246 or apply online at [www.suny.edu/SUPEmployment](http://www.suny.edu/SUPEmployment).

Candidates invited for interviews will be asked to complete an on-site written exercise related to the field of auditing and edit written correspondence.

*The State University of New York is an EEO/AA employer. Women, minority person, disabled workers, and/or Vietnam Era Veterans are encouraged to apply.*

## TCTC XII - The Conference That Counts 2007 - Presenters



Jim Bouton



Marsha Buchanan



David Cotton



Jim Edge



Rick Fair



Gerald Gagne



Jonathan Germer



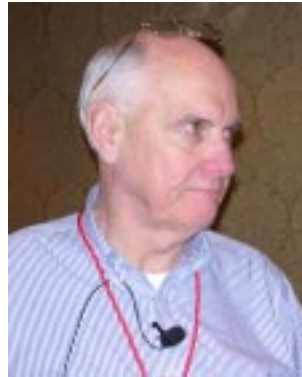
Chet Hosmer



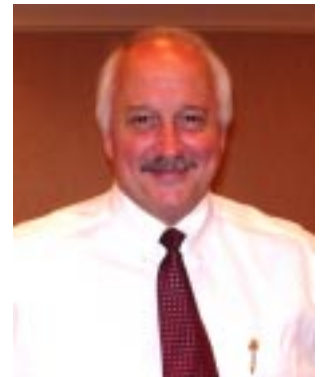
Drummond Kahn



Randy Marsicano



John McKeever



Michael Piazza



Frank Reidelberger



Rowdy the River Rat



Joel Scambray



Tim Wiles, a.k.a. Casey

## Improved Soft Skills Help Accountants Advance

AccountingWEB.com- Accounting and finance professionals looking to advance their careers will need to improve their soft skills, according to Accounting Management Solutions, inc. (AMS), a New England provider of outsourced accounting, financial management, and recruiting services.

“Technical and technological skills are essential, but they’re not enough. Soft skills — including the ability to write and present persuasively — are what enables leaders to educate and lead,” said AMS Director of Recruiting Services Jim Cote.

Cote said that organizations looking to hire finance and accounting professionals to replace growing numbers of retiring baby boomers will be seeking people who possess superior technical and soft skills.

“Finance and accounting professionals no longer work in isolation, and they’re as responsible for generating revenue and profit as everyone else. To succeed, they’ll need a broader skill set than traditionally has been the case,” Cote said. “Greater use of information technology helps get the job done, but that means the people you bring on board must have broad and deep technical skills. They also must be able to work with a wide range of people, which is where soft skills become critical.”

Technical skills refer to general accounting and financial reporting knowledge, and SEC reporting expertise for public companies. They also include internal audit and financial analysis skills, and knowledge of software systems. Soft skills include written, verbal, presentation, and interpersonal capabilities.

Cote said finance and accounting professionals are expected to help lead the organization on the technical front. Whether they’re CFOs, controllers, compliance officers, internal auditors, or financial analysts, these people will need to show how information technology helps the organization excel.

“Finance professionals, especially those at mid- and senior-levels, need to apply their technical knowledge and pass along that knowledge to other staff,” said Cote. “Soft skills will let them do it.”

## Model Governance Practices Seminar in April a Success

Chapter Vice President for Education, Mike Abbott (on left) introduces seminar speakers David Kidera, New York State Public Authorities Budget Office; Jeff Pitkin, New York State Energy and Research Authority; and Anthony Monaco, KPMG at the Model Governance Practices Seminar held at the State Museum in April.



## How to Manage Anger

Frequently losing your temper not only alienates others, it can contribute to health problems, including headaches, upset stomach and heart attack. To take control:

**Count to 10.** When something angers you, give your body time to defuse before you react. Take three or four deep breaths. Ask yourself: “Will this really matter a week or month from now?”

**Walk it off.** Go for a short stroll until you calm down. Helpful: Find a quiet place where you can think things through calmly and take a second look at how you’re reacting to a situation.

**Distract yourself.** Example: Instead of pounding on the horn in a traffic jam, play soothing music or listen to an upbeat program. At work, dive into a task to turn negative energy positive.

**Keep a log.** Monitor hostile thoughts to discover how frequently your temperature rises. Benefit: You’ll help sort out the real causes of your anger, which are often things over which you have no control.

**Ask for help.** If managing outbursts seems impossible, don’t be afraid to try counseling, meditation, lifestyle changes or other kinds of ongoing psychological help. Your health – and your relationships – may depend on it.

## President's Message

*Continued from page 2.*

**Communications**—Without skipping a beat (well he did skip a few heart beats), Roger Mazula, Vice President, produced the Chapter program guide, four award winning newsletters and the always entertaining TCTC brochure. The Chapter's award winning website, managed by Laura Brown, kept members well informed of events all year long.

**Marketing**—Vice President, Ray Harris, and the committee were busy keeping the community informed of our many events and achievements. They started the year by producing Sponsorship and Membership brochures to promote the AGA. In addition, they were able to secure sponsors of our program guide and other activities.

**Chapter Finances**—The Chapter's treasurer, Suzanne Trzcinski, the Budget and Finance Committee, led by Kirk Schanzenbach, and the newly established Audit Committee, led by Jill Flinton, worked together to help manage our financial position and put controls in place to mitigate financial risk. The Chapter's financial position is positive and thanks to the efforts of these groups will continue to be.

**Chapter Governance**—Over the years, the Chapter has put a structure in place to provide governance for the chapter. The Strategic Direction and Bylaws Committee was busy revising the Chapter's Strategic Plan (led by Jim Cox) and conducting a membership survey (led by Kirk Schanzenbach). Our Secretary, Emily Kunchala, kept us on track by documenting our discussions at the CEC meetings and providing clear action items for us to follow.

**Awards**—Jim Cox, Chair, led the committee in establishing the Outstanding Achievements in Government Accountability Award. The award was presented to Tom Mahoney, Director in the State Comptrollers Office. In addition, we started a new partnership with the NYS Leadership and Accountability Conference who allowed us to present the award to Tom in front of approximately 1,000 government accountability professionals.

**Board of Directors**—The Chapter Executive Committee includes ten directors: Ed Cahill, Jim Cox, Jill Flinton, Randall Griffin, Dwight Hadley, Matt Lindemann, Will Reynolds, Kirk Schanzenbach, Sandra Schleicher, and Linda Zinzow. These individuals are vital to the success of our Chapter. Thank you for provide insight regarding Chapter business and assisting the Chapter by participating on the many committees.

While I will thank each one of the volunteers formally at our Annual Membership Appreciation Lunch, I wanted to thank them here also. Thank You! Thank You! These individuals spend countless number of hours (a lot of them from their personal time) to help make this a great Chapter. It's this hard work and dedication that makes me want to be apart of this organization.

I hope to see everyone at the appreciation lunch on June 6<sup>th</sup> to help me celebrate the Chapter's accomplishments this year and reward the volunteers that made it possible and to hear, Brian Gee, Incoming President, discuss his goals for next year.

## Tom Mahoney Honored

Congratulations to New York Capital Chapter member Thomas Mahoney of the State Comptroller's Office. He received the chapter's new Outstanding Achievements in Government Accountability Award.

The award recognizes government employees who have demonstrated sustained outstanding leadership and notable contributions to financial management.

Tom received the award at the NYS Leadership and Accountability Conference on May 10.



Chapter President Marcella Junco with award winner Thomas Mahoney.

## Volunteers in Our Chapter

### Ronald McDonald House Community Service Event

The Chapter would like to thank the following volunteers who helped prepare a meal for approximately 24 guests at the Ronald McDonald House in Albany on May 15th. Those volunteers were Brian Gee, Ann Marsh, Sandra Peragine, Bob Peragine, Shannon Proper, Jim Nelligar, and Sharon Siekowski. Brian and Jim prepared the main course while Ann, Sandra, Bob, and Shannon prepared side dishes; and to top it off Sharon received two large Cheesecakes from the Cheesecake Factory. A great meal was provided along with a needed service to our community, and we had fun in the process.



### Valentines to Veterans Community Service Event

The “Valentines to Veterans” community service event was a great success thanks to the efforts of Tom Boehlert, Karen Cushman, Debbie Harrington, Ann Marsh, Catherine Mogul, and Nancy Varley. Karen, Debbie and Ann baked the cookies and Girl Scout Troop 722 headed by Catherine Mogul made the valentines that were delivered by Tom, Debbie, Ann, and Nancy to veterans at the Stratton V.A. Medical Hospital. The veterans greatly appreciated the visit, treats, and heart-warming valentines made possible by everyone who participated. Thank you!

### Thanks to the VITA Volunteers

The Chapter would like to thank the dedicated, hard-working VITA volunteers who prepared over 500 tax returns in addition to electronically filing 400 returns for elderly, low-income and disabled individuals free of charge. Those volunteers are Linda Cioffi, Sigrid Coons, Wallace Donnelly, Marcella Junco, Paula Messac, Sue Motler and Kirk Schanzenbach. Special thanks also to Wallace Donnelly for coordinating the AGA’s VITA efforts.

Most of these volunteers worked at the Albany Public Library Main Branch on Washington Avenue and although they lost one Saturday due to a snowstorm (St. Patrick’s Day), they were still able to do more returns than last year. Sigrid Coons volunteered at another site and helped the region prepare an estimated record number of returns for VITA. Thanks again to all the volunteers for providing such a valuable service to the community.

### The AGA New York Capital Chapter Is Turning 30!!!

Looking for Committee Volunteers

That’s right; this fall will mark the 30<sup>th</sup> anniversary of receiving our charter to be an AGA chapter. Would you like to help plan the celebration party to be held in October? We would like your help in planning the celebration – we need people to suggest ideas of the type of event to have, the location, etc., plan the events that will take place, assist in logistics, etc.

If you are interested in participating on this committee or would just like to share your ideas, please contact Marcella Junco at 518-427-4753 or [mjunco@kpmg.com](mailto:mjunco@kpmg.com).

## From Equity Funding to World Com

*Continued from page 3.*

### Improper Accounting

The improper accounting practices included:

- Transferring \$3.8 billion in line cost expenses to asset accounts, resulting in an improved income statement.
- \$2.065 billion in revenue improperly recorded under GAAP.
- Other improper accruals to manage results, reclassification of expenses, manipulation of bad debt and tax accruals to improve income, improperly reducing depreciation expenses and improperly allocating costs and revenues between related entities.

The most significant part of the improper accounting related to line costs. Line costs are the costs of carrying a voice or data transmission from its starting point to its ending point. Most of WorldCom's residential and commercial calls did not flow through its own lines. Rather, other companies provided this service. Therefore, the majority of WorldCom's line costs were fees paid to lease portions of other companies' telephone networks.

### The Accountants Story

Every fraud is perpetrated by people. The WorldCom story has focused on the prime characters, CEO Bernie Ebbers and CFO Scott Sullivan. But frauds also have supporting characters. Just as the Equity Funding fraud included the accountant who made fictitious entries in certain receivable and income accounts, WorldCom had accountants who made fictitious entries.

As in any large organization, senior management really has to work through others to "get things to happen." In trying to manage results, senior management had to work with the accountants to make the fictitious entries that would result in the appearance of improved financial performance. Toward that end, a number of ideas were pursued, the most significant one being to make general journal entries moving line cost expenses to capital accounts. This action – capitalizing an item – is one that is taught in accounting 101. If an item is to be capitalized, it has to have a useful life beyond a year, you have to have ownership and someone should be able to verify its existence. The accountants knew line costs at WorldCom did not have a useful life beyond a year because they really represented lease costs for lines owned by other telecommunication companies. They were simply day-to-day operating expenses.

Several accountants told their boss this transfer was not good accounting and should not be done. In fact, WorldCom had an internal accounting policy that prohibited it. Two of the accountants actually thought about resigning instead of making the improper accounting entries. Once senior management heard about the "rebellion" in the accounting department, they held a meeting with the accountants to explain why the entries were necessary (trying to fix the company's financial problems) and assured them the proposed solutions were not illegal and that senior management would take responsibility for the accounting. Despite these assurances, the accountants continued to agonize over the decision, but ultimately, they rationalized their decision to comply with senior management's request, agreed not to quit and to make the improper entries. Ultimately, one of the accountants went to prison and the other was sentenced to probation.

Once you start down a certain path, it becomes hard to extricate yourself. In the first quarter of 2001, \$771 million in line costs were capitalized, but it didn't solve the financial problems. Every quarter through the beginning of 2002 required adjustments, totaling more than \$3.8 billion. The accountants were increasingly distraught, but were caught in a trap. The line cost transfers would have to continue through 2002 if the company was to meet its financial projections. Finally, the accountants had enough and decided not to make any more transfers. By that time, others were on to the fraud and it was too late for the accountants. Even though they hired a lawyer and confessed to Federal prosecutors, the prosecutors saw the accountants as instrumental to making the scheme work. They didn't see them as whistleblowers at this late stage of the fraud.

The accountants in the Accounting Department were not the only ones who knew something was wrong at WorldCom. After the general journal was adjusted, it became necessary for the Property Accounting and Capital Reporting Group to adjust its records to reflect the increase in capital assets. Many people in this group knew there was no supporting documentation for these entries and expressed concern – but they did not go outside their group with their questions. One person, who was concerned about his immigration status, received a Post-it-Note from the accountants for an \$818 million adjustment. Despite the lack of documentation and his concerns, he made the entry to the Property Accounting records and began actively looking for another job.

### The Auditors Story

The Equity Funding scandal was exposed by a Wall Street analyst. When he realized the financial statements were fraudulent he said, "I went to [the CPA firm] truly believing

I was doing this nationally ranked auditing firm a favor,” he said. “It [the firm] was about to certify a report I believed was fraudulent. Instead of reporting the matter to the SEC, the auditor applied the most narrow interpretation to his role and went directly to Equity Funding. When I asked him why he had done so, he replied, ‘They’re clients of mine.’ ‘Aren’t you independent auditors?’ I asked. ‘Sure we’re independent, but we have an obligation to our clients.’” It is this obligation to the client that has the potential to impair an auditor’s ability to draw truly independent conclusions.

Unfortunately, a similar scenario played out at Arthur Andersen, WorldCom’s auditors. According to the Special Investigative Committee of the Board of Directors of WorldCom, “...in a presentation to the Audit Committee on May 20, 1999, Andersen stated that it viewed its relationship with WorldCom as a long-term partnership, in which Andersen would help WorldCom improve its business operations and grow in the future. During the same presentation, Andersen told the Audit Committee that it incurred more auditing costs than it billed WorldCom, and that it considered the unbilled costs its [c]ontinuing investment in the Company. Andersen’s work papers documented that its internal targets for audit fees were not met in WorldCom’s case, but an Andersen senior officer nevertheless approved the continuation of the engagement.”

This attitude on the part of the auditors in viewing the organization being audited as a “partner” is the reason professional skepticism suffers. It’s not nice to think your client or partner is a cheater.

But there were numerous red flags the auditors ignored. The most egregious was the direct orders from WorldCom to make requests for documents, information and access to personnel through gatekeepers. Allowing the entity being audited to know ahead of time which records the auditor is seeking is folly. The auditors should have learned this lesson from Equity Funding.

At Equity Funding, the policy files the auditors requested would often be ‘temporarily unavailable.’ That night, a half-dozen to a dozen employees would work to forge the missing files to have them ready the next day. As one participant said, “It takes a long time and you have to be careful about date stamps and other details. But I had fun being the doctor and giving the guy’s blood pressure and all that.”

Incredibly, a similar scenario played out at WorldCom. In a report done for the United States Bankruptcy Court, the authors said, “Most of the schedules provided to Arthur Andersen that have been determined to be false or misleading were manipulated after they had been prepared by employees in the relevant reporting areas and provided to the Company’s

former senior management for their review and approval prior to being submitted to the external auditors. While there is no evidence that the auditors were aware that schedules were being modified and manipulated at that level, the fact that they were being ‘herded’ through the Office of the Controller and head of Financial Reporting was well known.”

Keeping the auditors from talking to certain personnel helped WorldCom senior managers. The auditors sought to speak to certain employees of the Property Accounting and Capital Reporting Group, but the gatekeepers were intent on restricting access. The gatekeepers told the auditors the personnel they wanted to talk with were not the appropriate parties. The auditors accepted these restrictions.

### Postmortem

The parallels between the Equity Funding and the WorldCom scandals should cause every professional auditor to pause and rethink how we approach our work. Let’s examine the parallels.

#### *The ethics and integrity of management and employees.*

The standards on internal control cite the need for ethics and integrity on the part of management and employees. Ethics and integrity are the foundation of a control system.

The Equity Funding scandal was a massive scheme, concocted by management and supported, on at least a passive basis, by a number of employees who knew or should have reasonably suspected something was wrong.

WorldCom suffered from a similar set of characters. Management wanted to present a financial picture that was different from reality. Employees without the courage to act ethically, passively went along with the scheme even though they may have agonized over the decision. I’m sure the decision the accountants made that allowed the scheme to occur would be different today. Serving time in prison changes your perspective.

All too often, auditors spend too much time trying to assess control activities (policies, procedures, segregation of duties) in an organization when in fact, major frauds do not occur because of a lack of policies and procedures. They happen because some managers lack ethics and integrity and because some staff members fear they will lose their jobs if they don’t comply with the managers’ requests. WorldCom had a policy that did not allow line costs to be capitalized. The reason line costs were capitalized is managers lacked integrity and accountants, without the courage to say no, made general journal entries at odds with the policy. As the sentencing judge for the accountants said, “...had [the accountant] refused

to do what she was asked, it's possible this conspiracy might have been nipped in the bud." Assessing the ethics and integrity of management and employees is not as easy to do as assessing control activities but it is possible and, when done properly, it yields significant useful information.

*Management's philosophy and operating style.*

Closely tied to management's ethics and integrity is management's philosophy and operating style. In the Equity Funding case, management was intent on becoming a giant conglomerate at all costs. Management was very aggressive, seeking to expand at a rapid rate and engaging in unethical activities. Management wanted to take over other companies, and these acquisitions required money. Therefore, it became critical to maintain Equity Funding's stock price. To keep the value of the stock up, generating yearly earnings growth was important. The fraud began in 1965, when the CEO told the chief financial officer of Equity Funding to make fictitious entries in certain receivable and income accounts. By inflating these accounts, the earnings per share increased; and the stock price rose to levels higher than warranted.

WorldCom confronted a similar problem. The company's principal business strategy was growth through acquisitions. As its expansion opportunities started to dwindle and the company fell short of financial targets, management directed the improper accounting entries so the company would appear to meet those targets. This also helped CEO Bernie Ebbers. His personal finances were in jeopardy because he would have to meet margin calls if the stock price of WorldCom declined.

The WorldCom auditors actually understood the risks confronting the company. They rated the company at a "maximum risk" because of the volatility in the telecommunication industry, the company's future merger and acquisition plans, and the company's reliance on a high-stock price to fund those acquisitions.

*The independence of the auditors.*

Most auditors claim to be independent; but often that independence is impaired by a variety of factors that affect their ability to "call it like it is." The auditors at Equity Funding compromised their independence in a number of instances. The best example is in their thinking. As cited above, when the Wall Street analyst confronted the auditor about the potential fraud and why he would notify the company, the auditor responded, "...we have an obligation to our clients."

Andersen viewed its relationship with WorldCom as a "long-term partnership" in which Andersen would help WorldCom improve its business operations and grow in the future.

This thinking that the organization being audited is a partner is troublesome. This notion impairs an auditor's ability to draw truly independent conclusions.

*Professional skepticism of the auditors.*

In the Equity Funding case, the auditors missed the ongoing fraud, not because they lacked technical know-how, but because they did not follow the basics of auditing. Beyond analytical reviews and examining documentation, a fundamental tenet of auditing is to verify the existence of the asset. If the auditors missed 64,000 phony insurance policies, \$25 million in counterfeit bonds, and \$100 million in missing assets, they simply weren't doing their jobs.

The WorldCom auditors also weren't doing their job. When \$3.8 billion in line cost moves from the income statement (expense) to the balance sheet (capitalized item), the auditors should be verifying it exists and that the item is owned by the company. Too often, auditors are focused on accounting records and documentation of transactions, but not on verifying the existence of the item. This lack of professional skepticism on the part of the auditors seems to be at the heart of every major scandal when the auditors fail to find the fraud.

Developing professional skepticism is a challenge. It requires the auditor to challenge conventional thinking; it requires the auditor to be willing to pursue issues until the auditor has sufficient, competent and relevant evidence that persuades the auditor of the correct conclusion.

Too often, auditors are willing to accept a plausible explanation and not willing to get out of the office and in to the field to verify records they are reviewing.

*External impairments to the audit.*

External impairments to an audit occur when an auditor is deterred from acting objectively and from exercising professional skepticism by pressures, actual or perceived, from management and employees of the audited entity.

When auditors allow management extended time periods to pull records needed for the audit, they might as well pack up their bags and go home. Such a situation allows management to cull the records, add data that didn't exist, clear out data that is harmful and generally to sanitize the information going to the auditors.

This is a shameful situation. I cannot think of a scenario that would require management to do the auditors' work. If an auditee's records are computerized, audit retrieval software allows auditors to review records without management's help. If an individual auditor or the audit team is not proficient in using such software, they should decline such an engagement because they do not collectively possess the skills necessary to adequately complete the job.

This situation occurred at both Equity Funding and at WorldCom. The auditors made requests for information and records through designated individuals. In both cases, management provided fraudulent records to the auditors. Shame on the auditors for allowing it to happen.

Finally, Sarbanes-Oxley required the Securities and Exchange Commission to issue rules on internal controls over financial reporting. Unfortunately, the final rules defined internal controls over financial reporting as **policies and procedures** over financial operations. That's too bad – most frauds do not happen because the company lacked policies and procedures. They happen for the reasons cited above.

### Lessons Learned

Unfortunately, the auditing profession is not learning. Every major fraud has an autopsy done to learn how the fraud occurred. The auditors though, either do not read the reports produced on the frauds or choose not to learn its lessons. I believe the auditing standards in place provide a solid foundation for producing a quality audit. The failure takes place in executing the audit and in the critical thinking necessary to draw proper conclusions. This is partly perpetuated by the conflict inherent in the system we use to hire auditors. The external auditor fees come from the organizations that hire them. This creates an inherent conflict when tough calls must be made by the auditor. Is the auditor going to question the ethics and integrity of management and its employees when they want to get the contract for the audit next year? I said in the first Equity Funding article, "Until we develop a more rational system, we can not reasonably expect to have auditors who are truly independent in their thinking." Nothing has changed to diminish that thought.

Professional skepticism is a difficult concept to teach an auditor. If the auditor lacks the ability to constantly ask questions, challenge answers received and to verify the answers, the ability to carry out the audit successfully is diminished. Professional skepticism is the cornerstone of the auditing profession and is fundamental to rooting out the frauds. It needs to be a focus of every audit organization.

Finally, failing to verify the existence of assets was the basis for not finding the fraud at Equity Funding and at WorldCom. It might sound simple to the average person, but verifying an assets existence and its ownership can be a challenge.

The Great Salad Oil Swindle illustrates the challenge. Anthony "Tino" De Angelis was president of Allied Crude Vegetable Oil. De Angelis got banks to float his company large loans secured by tanks full of, in effect, nonexistent salad oil. He was also able to get American Express auditors to certify the existence of his "inventory." He hoodwinked the auditors because oil floats on water. He had storage tanks filled with water, put a couple of feet of real oil on top and he was able to convince the auditors he had a full tank of oil. He also moved the same "oil" between tanks while he took the auditors to lunch.

As I wrote in 1997, if we want to be worthy of public trust in our competence and credibility, we must be constantly diligent in meeting the standards of our profession and use due professional care. We must try to understand past mistakes, like those made by the Equity Funding and WorldCom auditors; and we then have to challenge ourselves to do better.

**David R. Hancox, CGFM, CIA** is director of State Audits in the New York State Comptroller's Office. He is on the faculty of Siena College and the USDA Graduate School – Government Audit Training Institute. Mr. Hancox is the co-author of two books on auditing and is a past president of the New York Capital Chapter of AGA, a past regional Vice-President and the recipient of AGA's 2005 Educator of the Year award.

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### Top 10 Signs You Work in Accounting

10. You lecture the neighborhood kids selling lemonade on ways to improve their processes.
9. You get all excited it's Saturday so you can wear casual clothes to work.
8. You refer to the tomatoes in your garden as deliverables.
7. You find you really need PowerPoint to explain what you do for living.
6. You normally eat out of vending machines and at the most expensive restaurant in town within the same week.
5. You wear gray to work instead of navy blue to make a bold fashion statement.
4. You know the people at the airport and hotel better than your next door neighbors.
3. Ask your friends to "think out of box" when making Friday night plans.
2. You think Einstein would have been more effective had he put his ideas into a matrix.
1. You think a "half-day" means leaving at 5 o'clock.

**Association of  
Government Accountants  
New York Capital Chapter  
Chapter Executive  
Committee  
February 26, 2007 Meeting  
Highlights**

**In attendance:** Marcella Junco, Mike Abbott, Jim Cox, Brian Gee, Thalia Davis, Raymond Harris, Emily Kunchala, Matt Lindemann, Ann Marsh, Roger Mazula, Will Reynolds, Kirk Schanzenbach, Sandra Schleicher, Suzanne Trczinski, Amanda Zibella, and Linda Zinzow.

**Action Items:**

1. Let M. Junco know if you will be attending the SLM on April 27 and 28, 2007 in Indianapolis. Incoming Leadership. 3/16/07
2. Let M. Junco know how much money we have for the PDC. Budget and Finance Committee. 3/16/07
3. Ask Katie which agencies numbers for TCTC are down in. S. Trczinski. 3/16/07
4. Talk to J. Flinton regarding additional details of the last financial statement audit. M. Junco. 3/16/07.
5. Check the bylaws for the requirement of a financial statement review or audit. M. Junco. 3/16/07

**Decisions Made:**

1. Motion: Accept agenda for the February 26, 2007 meeting  
Motion by: S. Trczinski, Second by: R. Harris, 13 votes in favor, motion passed.

**Other Meeting Notes:**

Welcome – Discussion of prior action items

2007-08 Slate – B. Gee announced the following:

- President Elect – A. Zibella
- Treasurer – S. Trczinski
- Secretary - Open
- VP for Certification – J. Flinton
- VP for Education – Open
- VP for Membership – T. Davis
- VP for Communications – R. Mazula
- VP for Community Service – A. Marsh
- VP for Marketing – R. Harris
- VP for TCTC – S. Schleicher
- Registrar – Open
- Webmaster – L. Brown

National Items – The following may be attending the Sectional Leadership Meeting (SLM) in April in Indianapolis: the incoming President and President Elect, the Vice Presidents of Certification, Education, and Membership (outgoing if incoming is unknown or unavailable).

The AGA Professional Development Conference (PDC) will be held on June 24 - 27, 2007. There will be two hotel scholarships available. The priority of attendees will be the President Elect, the incoming Vice President of Education, the Chapter National Award Winners, the current President, the President Elect Designee, and the Vice Presidents of Membership and Certification. R. Harris announced that there will be another scholarship available for an early career person (under 35 years old with 3 years or less of government experience). The idea was proposed to look for this individual in our committee members since none of the board members qualify.

Awards – J. Cox gave an update on the awards progress including policy manual revisions. The recipient of this year's Outstanding Achievements in Government Accountability Award is Tom Mahoney. The formal presentation process is being developed.

National Award nominations were announced as follows (the deadline is March 2, 2007):

- Co-Sponsor Robert King Memorial Award – Julian Wentthrop
- Co-Sponsor – Einhorn-Gary Award – Bill Anderson
- Chapter Service – Jim Cox
- Chapter Education – Michael Abbott
- Community Service – Ann Marsh
- Certification – Amanda Zibella

TCTC –

- 407 people are registered to date with 298 FTEs. These numbers are slightly down from prior years.
- Monitors and Moderators are all lined up.

Membership Survey – The survey went out to board members yesterday. The goals of the survey were to keep it simple, get feedback, and get new ideas. The survey will be administered using the National Tool, Survey Monkey. It was decided to make all questions optional and not mandatory. It was also decided to offer 3 Simply Certificates for \$25 each as the prizes.

Education –

- February 28, 2007 Audit Conference on Risk and Controls – 15 AGA members registered and 48 NYSICA members registered.

Audit – An e-mail was sent out on the issued recently uncovered relating to our last financial statement audit. Discussion ensued on the need for an audit, review or agreed-upon-procedures. There was also discussion around improving internal controls with additional cross checks in areas of higher volume or risk. The Audit Committee could then do checks on a periodic basis of these controls.

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## Association of Government Accountants New York Capital Chapter Officers Meeting March 20, 2007 Meeting Highlights

**In attendance:** Marcella Junco, Mike Abbott, Jill Flinton, Brian Gee, Raymond Harris, Roger Mazula, Will Reynolds, Kirk Schanzenbach, Suzanne Trzcinski, and Linda Zinzow.

### Action Items:

1. Post 2006 Bylaws to the Chapter website. L. Brown - 3/26/07
2. Follow up with the prior year auditors regarding the audit elements missing and with a potential auditor for the current fiscal year. J. Flinton - 4/17/07
3. Reach out to individuals in the pecking order, potential award recipients and early career candidates about PDC attendance. M. Junco - 3/30/07
4. Post DOB Conference (Award to Tom Mahoney) on Chapter website. L. Brown - 3/30/07
5. Update AGA Display Board. T. Davis - 4/24/07
6. Send a separate flyer broadcast to advertise the March 28, 2007 Audio Conference on Procurement Fraud. R. Harris - 3/21/07
7. E-mail CEC for 30<sup>th</sup> Anniversary Committee Volunteers. M. Junco - 4/1/07
8. Broadcast Memo – Reach out for 30<sup>th</sup> Anniversary AGA member volunteers. M. Junco / R. Harris - 3/30/07

### Other Meeting Notes:

Welcome – Discussion of prior action items

October 17, 2006: #3 - This Item is complete

November 16, 2006: #1 - Follow up was done, no need to do more audit work – Complete

February 26, 2007: #5 – Check the bylaws for the requirement of a financial statement review or audit. The strategic plan states review, the 2006 bylaws have no mention,

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the policy and procedures manual mentions audit and National makes no reference to an audit in the Chapter prototype bylaws.

TCTC – The attendance at the TCTC was good. Over 400 people attended. Feedback has been positive. Revenue distribution may be less than last year. However, a better assessment can be made once the evaluations are reviewed.

Chapter Recognition Program – Deadline is April 16, 2007. We are able to post “catch up” points. Brian suggested the development of a tool to track CRP points and what the points earned represent. Brian will work with Amanda to gather initial ideas for next year.

National Items – The following are attending the April 27-28, 2007 Sectional Leadership Meeting (SLM) in Indianapolis: M. Junco and T. Davis as Chapter representatives, J. Cox and possibly K. Schanzenbach as regional representatives.

The PDC is being held on June 24-27, 2007. Our budget will remain at \$2,500. There will be three hotel scholarships available – two for general members and one designated for an early career member. The deadline to RSVP for the scholarships is April 6, 2007. We will not know the names of the award winners until sometime after April 6. Marcella suggested we say yes to the scholarships with out providing the names of the people attending to be determined at a later date.

Marcella will contact all possible attendees based on our Chapter policy to determine who is able to attend.

The CEC will have to determine how to use the early career scholarship. A vote will be taken via e-mail among the CEC members to determine who will receive the award. Marcella will reach out to the two nominees to see if they are interested and explain the scholarship is for the hotel stay and the registration and airfare would be their responsibility.

PDC Raffle – M. Junco asked for ideas to be e-mailed to her. The budget is approximately \$150.

FY07-08 Slate – B. Gee announced that Vice President for Education will be M. Abbott. B. Gee will be in contact with Ray by Monday to begin steps for announcing the new slate.

Awards – R. Harris gave an update on the Chapter’s new Outstanding Achievements in Government Accountability Award which will be given to Tom Mahoney of OSC this year. The presentation will be May 10, 2007 at the DOB Annual Conference. AGA will be given a 15 minute time slot for the presentation. M. Junco will speak on behalf of the Chapter and present the award to Tom. It was suggested the AGA display board be updated prior to the Conference and that the Conference information be posted to our Chapter website.

Education – M. Abbott updated the CEC on the following:  
2/28/07 Audio Conference – about 15 people attended. The speakers were excellent.  
3/28/07 Audio Conference on Procurement Fraud– there is no one signed up at this point in time. Nationwide the registration is going well.  
M. Abbott contacted K. Schanzenbach to obtain a list of the State Financial Offices to directly send a flyer to promote the March 28 audio conference. It was also suggested to extend an invitation to the local government financial offices.

30<sup>th</sup> Anniversary – M. Junco discussed forming a committee to work on the event for the 30<sup>th</sup> Anniversary. An e-mail will be sent to the past Chapter Presidents to see who

would like to be involved, as well as the CEC and the membership. The target date for the 30<sup>th</sup> Anniversary Committee to be formed is the first week in April. April – May is the latest to discuss the location of the 30<sup>th</sup> Anniversary to prepare for budget needs.

Audit Update – We did have an engagement letter with the previous year auditors. Jill will speak to the previous year auditors regarding the missing information. She will also contact another person who could possibly conduct an audit, review or agreed-upon procedures for the current year.

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## Association of Government Accountants New York Capital Chapter Officers Meeting April 16, 2007 Meeting Highlights

In attendance: Marcella Junco, Mike Abbott, Thalia Davis, Jill Flinton, Raymond Harris, Emily Kunchala, Roger Mazula, Will Reynolds, Sandra Schleicher, Suzanne Trzcinski, Amanda Zibella, and Linda Zinzow.

### Action Items:

1. Run cash flow statement off of Quickbooks for June 2006; S. Trzcinski.
2. Send out an e-mail to all members that need to renew their memberships; A. Marsh.
3. Send out electronic results of membership survey; M. Junco.
4. Review the membership survey for your areas; All Vice Presidents.
5. Send out SLM Agenda; R. Harris.
6. Contact early careers nominees to see if they are interested in attending the PDC; M. Junco.
7. Check on booth with DOB; M. Junco.
8. Review the National Conference policy and provide feedback to R. Harris; All.
9. Send L. Zinzow Tom Mahoney's correct name spelling and the name of the award; J. Cox
10. Follow up with J. Pitkin regarding attendance of NYSICA members at the Model Governance Seminar; M. Abbott
11. Revisit if we should have the Model Governance Seminar based on attendance; M. Junco, M. Abbott.
12. Contact Eileen Chambers regarding OSC attendance; M. Abbott.
13. E-mail raffle winners; M. Junco.

### Decisions Made:

1. Motion: Accept agenda for the April 16, 2007 meeting  
Motion by: R. Mazula, Second by: R. Harris, 10 votes in favor, motion passed.

### Other Meeting Notes:

Audit – J. Flinton presented that Brian was able to create a cash flow statement from his copy of the Quickbooks file as of June 30, 2006. However, it did not tie to the Balance Sheet already audited. S. Trzcinski will try to run a cash flow statement as of June 30, 2006 off her version of Quickbooks. J. Flinton will wait until the end of the week to see if we can prepare the statement. If not, J. Flinton will ask the auditors to issue a revised opinion without reviewing the cash flow statement and it will be noted in the management letter. J. Flinton has also made an effort to contact auditors for this year, and will continue to do so to obtain costs for an audit and a review.

Membership – A. Marsh will send out an e-mail to all members reminding them to renew memberships. T. Davis is in the process of doing recruiting at SUNY. The membership board pictures need to be updated.

Membership Survey – M. Junco will send out the results of the survey electronically and asks all Vice Presidents to review the results for their areas. It was discussed that Laura will remove all new member names from the website due to privacy issues.

National Items – All attendees have been designated for the SLM. For the PDC, there are two early careers nominees – one person is the Secretary for next year and one person will be a Director next year. M. Junco will contact each person and if they are both interested, we will take an e-vote.

National Conference Policy – In the process of combining all national conferences into one policy.

FY 07-08 CEC Slate – The slate is full. T. Davis noted that we should keep in mind including underrepresented groups in the future.

Awards Presentation – Tom Mahoney will be presented an award at the Leadership Conference.

Education – M. Abbott announced that there is low attendance for the upcoming Model Governance seminar – only 10 people to date.

30<sup>th</sup> Anniversary – There are currently four volunteers and they are having a meeting in two weeks.

Governance Survey – Marcella sent out the survey results. 15 surveys were completed and most scores were over three.

Other Items – M. Junco asked that all review the strategic plan and provide her comments. TCTC updated revenue of \$8,300 was announced.

Raffle – The winners of the raffle were Lorraine Dober, Jeff Stein and William Bronk.

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## Association of Government Accountants New York Capital Chapter Officers Meeting May 15, 2007 Meeting Highlights

**In Attendance:** Marcella Junco, Jim Cox, Thalia Davis, Jill Flinton, Randall Griffin, Dwight Hadley, Raymond Harris, Emily Kunchala, Roger Mazula, Will Reynolds, Kirk Schanzenbach, Sandra Schleicher, Suzanne Trzcinski, Amanda Zibella, and Linda Zinzow.

### Action Items:

1. Draft and e-mail to send out to membership looking for a new auditor. J. Flinton; 5/24/07
2. Send out a listing of members that have not renewed by agency. T. Davis; 5/17/07
3. Reply to T. Davis which members you will contact regarding membership renewals. All; 5/20/07
4. Call member renewal assignments and sent T. Davis the status. All; 5/24/07
5. Send M. Junco the final National Conference Policy. R. Harris; 5/24/07
6. Discuss developing a record retention policy. SDBC Committee; 6/15/07
7. Discuss with B. Gee the need for a registrar. M. Junco; 5/24/07
8. Obtain e-mail addresses for participants in the Leadership Conference. M. Junco; 5/24/07
9. Send M. Junco all operating plans. All VPs and Category Chairs; 5/31/07

### Decisions Made

1. Motion: Accept agenda for the May 15, 2007 meeting.  
Motion by: J. Cox, Second by: D. Hadley, 9 votes in favor, motion passed.
2. Motion: To print the Strategic Plan in time for the June 6<sup>th</sup> Meeting (cost of approximately \$400).  
Motion by: R. Harris, Second by: J. Cox, 7 votes in favor, 5 opposed, motion passed.

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**Other Meeting Notes:**

National Awards – Our Chapter won the CGFM award, the Website award and the Newsletter Award.

SLM – It was discussed that this conference is very beneficial for upcoming positions. M. Junco noted that she picked up several best practices that she will share with the individual vice presidents. In the future, it may be a good idea to include the President Elect Designee.

Audit – J. Flinton reviewed the credit card finding and that it related to fees for shared events. She also noted that she reviewed the cash flow statement that S. Trczinski provided and it was further off than B. Gee's cash flow statement. She contacted the auditor and as of April 26<sup>th</sup>, requested them to revise their opinion to state that they did not review the cash flow statement and to prepare the footnotes. There was discussion about the need for an auditor for next year and possibly moving to agree-upon-procedures.

Membership – T. Davis received a listing with a tally sheet of why members are not renewing.

Budget – K. Schanzenbach distributed the Budget and Finance Committee Report through May 13, 2007. He highlighted the current status and recommended that we keep the expenses for the rest of the year to a minimum, within or below budget. Discussion ensued regarding printing the strategic plan.

National Items – Both early careers participants' employers will be paying for their travel to the PDC. The national conference policy is in draft form.

Awards Presentation – The Leadership Conference award presentation went well. They would like us to participate again next year.

Education – There were approximately 27 members at the Model Governance Session. There are 15 people registered for the membership appreciation lunch.

Awards – All attendees receiving awards will receive a free lunch. The award for community service will now state that it is for community service and not chapter service. There was also discussion of changing the wording on the editor awards.

Other Items – The golf outing will not occur until after the end of the fiscal year. There was discussion around which charity should be the beneficiary of the event. There was also discussion surrounding the Western New York membership pool and the possibility of surveying these members in the future.

## AGA New York Capital Chapter 2006-2007 Program Events Summary

September 14, 2006	CPE: 2	<b><i>AGA Audio Conference - Risk Assessments for Performance Auditing</i></b> KPMG LLP Offices 2:00 PM – 4:00 PM \$10 for AGA; \$20 for Others
September 19, 2006	CPE: 0	<b><i>Kick-Off Breakfast - What's Happening in 2006-07?</i></b> Wolfert's Roost Country Club 8:00 AM – 9:30 AM (full hot breakfast) \$5 for AGA; Free for New Members
September 26, 2006	CPE: 2	<b><i>Transforming State Government</i></b> State Museum Theater 1:00 PM – 3:00 PM Free but must pre-register; Registration through ASPA Required
October 11, 2006	CPE: 3	<b><i>Panel Discussion - NY State Strategic Budget Initiative</i></b> Empire State Plaza Meeting Room 5 1:30 PM – 4:30 PM \$25 for AGA; \$40 for Others (\$25 for others if agency registers five or more people)
October 19, 2006	CPE: 2	<b><i>NASACT Audio Conference - SAS 112: Impact on Auditors</i></b> KPMG LLP Offices 2:00 PM – 4:00 PM \$10 for AGA; \$20 for Others
November 8, 2006	CPE: 2	<b><i>AGA Audio Conference - The New Yellow Book</i></b> KPMG LLP Offices 2:00 PM – 4:00 PM \$10 for AGA; \$20 for Others
November 21, 2006	CPE: 8	<b><i>Annual Fraud Seminar</i></b> Holiday Inn Turf 8:30 AM – 4:30 PM (includes lunch) \$125 for AGA, ACFE, and IIA; \$225 for Others (Save \$25 for prepayment)
December 6, 2006	CPE: 2	<b><i>AGA Audio Conference - Procurement Cards</i></b> KPMG LLP Offices 2:00 PM – 4:00 PM \$10 for AGA; \$20 for Others
December 13, 2006	CPE: 0	<b><i>Holiday Luncheon</i></b> Wolfert's Roost Country Club 12:00 PM – 2:00 PM \$10 for AGA, ACFE, IIA and ISACA; \$20 for Others
January 9, 2007	CPE: 0	<b><i>Spring Certification Panel</i></b> Wolfert's Roost Country Club 8:30 AM – 10:00 AM Free but must pre-register.
January 24, 2007	CPE: 8	<b><i>7th Annual Technology Seminar</i></b> Century House 8:15 AM – 4:15 PM \$75 for AGA, IIA and ISACA; \$125 for Others (Save \$25 for prepayment)
January 30, 2007	CPE: 8	<b><i>Government Financial Management Course 1</i></b> Wolfert's Roost Country Club 8:30 AM – 4:30 PM \$195 for AGA; \$225 for Others
February 28, 2007	CPE: 2	<b><i>AGA Audio Conference - Internal Controls</i></b> NY State Department of Labor Offices 2:00 PM – 4:00 PM \$10 for AGA; \$20 for Others
March 12 - 14, 2007	CPE: 21	<b><i>The Conference That Counts 2007</i></b> Holiday Inn Turf (Separate Brochure and Registration)
March 28, 2007	CPE: 2	<b><i>AGA Audio Conference - Procurement Fraud</i></b> KPMG LLP Offices 2:00 PM – 4:00 PM \$10 for AGA; \$20 for Others
April 24, 2007	CPE: 3	<b><i>Model Governance Practices</i></b> State Museum Theater 1:30 PM – 4:30 PM \$40 for AGA; \$50 for Others (Save \$15 for prepayment)
May 9, 2007	CPE: 2	<b><i>AGA Audio Conference - Ethics</i></b> KPMG LLP Offices 2:00 PM – 4:00 PM \$10 for AGA; \$20 for Others
June 6, 2007	CPE: 0	<b><i>Annual Awards Celebration Luncheon</i></b> Wolfert's Roost Country Club 12:00 PM – 2:00 PM \$10 for AGA; \$20 for Others

**Registration: Online or Karen Lydon 286-2622 x100 or registrar@aganycap.org**

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