



# Observations



*A monthly publication of the Chicago Chapter, Association of Government Accountants*

*AGA – Dedicated to serving the community and promoting government accountability*

**September 2010**

**Issue 1**

## Update your member information!

Please review and update your personal information at National's website, [www.agacgfm.org](http://www.agacgfm.org). You can update your information in the 'Member's Only' page. This allows us to keep you better informed throughout the year!

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## *Upcoming Events*

**Welcome Back!!**

### **Luncheon:**

Monday,  
September 13, 2010  
11:30 AM

### **Speaker:**

Mr. Martin Dickman,  
Inspector General,  
RRB

### **Location:**

GSA Conference Room  
Room 331  
77 W. Jackson

### **Price:**

\$5 members  
\$12 non-members

1 CPE

### **Please RSVP to:**

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[dterzian@hudoig.gov](mailto:dterzian@hudoig.gov)

**cc: Heath Wolfe**  
[WWolfe@hudoig.gov](mailto:WWolfe@hudoig.gov)



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September 6, 2010

**Dear AGA Chicago Members,**

Welcome back! I am hoping everyone had an enjoyable summer filled with family fun and vacation! I am eager to get the 2010/2011 year underway. We have some new ideas that will be sure to make this year memorable for our Chapter!

We are pleased to invite Mr. Martin Dickman, Inspector General of the U.S. Railroad Retirement Board (RRB) to this month's meeting. He will discuss "The Role of the Inspector General in the Current Economic Climate".

Our next meeting will be held on Monday, September 13, 2010 in the **GSA Conference Room**, 77 W. Jackson, Suite 331. Our meeting will start at 11:30 AM with a lunch buffet, followed by our luncheon speaker at 12:00 PM.

If you are interested in attending this meeting, please email Diane Terzian at: [dterzian@hudoig.gov](mailto:dterzian@hudoig.gov). Please CC myself on the email, [WWolfe@hudoig.gov](mailto:WWolfe@hudoig.gov) before close of business September 9, 2010.

I hope to see you all on September 13<sup>th</sup>! If you have any questions or comments, please contact me at (312) 913-8674 or [wwolfe@hudoig.gov](mailto:wwolfe@hudoig.gov).

Cordially,

*Heath Wolfe*

Heath Wolfe  
President

## 2010-2011 Training Schedule\*

DATE*	TOPIC	SPEAKER	LOCATION
September 13, 2010	The Role of the Inspector General in the Current Economic Climate	Martin Dickman, Inspector General, RRB	GSA Conference Room, Room 331 77 W. Jackson Blvd.
October 18, 2010	TBD	TBD	Room 2205, 77 W. Jackson Blvd.
November 19, 2010	One-day PDC**	TBD	Room 2205, 77 W. Jackson Blvd.
December 13, 2010	TBD	TBD	Room 2205, 77 W. Jackson Blvd.
January 18, 2011	TBD	TBD	TBD
February 11, 2011	TBD	TBD	TBD
March 14, 2011	TBD	TBD	TBD
April, 2011 (TBD)	Two-day PDC	TBD	TBD
May 9, 2011	TBD	TBD	TBD

\*Dates subject to change

\*\*One-day PDC will be free to members who attended the two-day PDC in April 2010 – more information to follow in the October/ November newsletters.

**Please RSVP to Diane by COB September 9th**

Diane Terzian

EMail: [dterzian@hudoig.gov](mailto:dterzian@hudoig.gov)

Please cc Heath Wolfe: [WWolfe@hudoig.gov](mailto:WWolfe@hudoig.gov)



**Please join us on Monday, September 13th  
GSA Conference Room  
(77 West Jackson Blvd., Room 331)  
at 11:30AM!!!**

## CGFM Corner



**The Mark of Excellence in Government Financial Management**

### **Why Earn the CGFM?**

#### ***The Certified Government Financial Manager***

#### ***The Mark of Excellence in Federal, State and Local Government.***

Since its inception in 1994, the CGFM has become the standard by which government financial management professionals are measured. Its [education](#), [experience](#) and [ethics requirements](#) have served to elevate the most seasoned financial professionals.

More than 14,000 individuals have received the designation so far. Now it's your turn. Experience the benefits of certification first hand—the CGFM is the mark of excellence in your profession. We look forward to adding your name to our distinguished list of Certified Government Financial Managers.

#### ***Give Yourself an Edge Over Your Competitors***

Recent research has shown that employers attribute their recruiting difficulties to a shortage of qualified professionals. Give yourself a competitive advantage by showing your commitment to lifelong learning. You need a credential that shows you are qualified and have the skills to lead. The Certified Government Financial Manager (CGFM) does this like no other credential.

The CGFM is the first certification broad enough to cover the whole field of government financial management—federal, state and local. It measures a wide range of knowledge and skills that a professional needs to succeed in the federal government financial environment, or to meet the unique challenges faced by state and local government financial managers.

#### ***Value and Recognition of the CGFM Credential***

The foundation of the CGFM is the requirement for Education, Experience and Examination. Building on this foundation is a [Code of Ethics](#) and required Continuing Professional Education (CPE).

This designation is already recognized as a professional standard. Each year, more and more federal agencies and state and local governments are realizing the value of the CGFM and are formally embracing the designation. It is often listed as a preferred hiring qualification on federal RFPs. The Institute of Internal Auditors (IIA) Board of Regents has also recognized the CGFM. It is accepted as a waiver for part IV of the CIA examination.

#### ***Toward the Future***

The challenge facing today's government financial managers is to keep up with the changing times. New innovations, new regulations and new methods of implementation require staying abreast of the latest developments.

AGA presents a dynamic program of educational events every year that will expand your knowledge and sharpen your skills.

The field of government financial management will be far different tomorrow from what it is today. Having a broad knowledge and a recognized professional designation will be the way to distinguish yourself from the crowd.

There's no time like the present for joining the thousands of other leaders in government financial management who already have discovered the unique value and benefit of the CGFM designation.

**[Apply for the CGFM designation today!](#)**

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**[AGA Training Opportunities](#)**  
**Click to find events near your area!**

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## From the National Office

### **AGA Extends a BIG 'Thank You' to Its PDC 2010 Volunteers**

AGA thanks everyone who participated in our 59th Annual Professional Development Conference & Exposition. Record attendance, nice weather and an outstanding technical education program made this a very successful event. We hope your experience was a good one and hope to see you at next year's PDC in Atlanta.

We thank and gratefully acknowledge the significant contributions all of our PDC 2010 Technical Committee and Orlando Host Committee volunteers who gave their time, talent and enthusiasm to add to the success of the conference. The conference would not have been possible without the many contributions from our volunteers. Congratulations on a job well done! [See the complete list of Technical Committee and Host Committee Volunteers.](#)

### **Future PDC Dates**

#### **2011: July 10-13**

Atlanta, GA

Theme: *Celebrating our Past, Embracing the Future*

#### **2012: July 28-Aug. 1**

San Diego, CA

Theme: *Navigating the Winds of Change, Sailing into the Future*

#### **2013: TBD**

#### **2014: July 13-16**

Orlando, FL

Theme: *TBD*

### **States Test Whether Public Pension Benefits Can be Taken Away**

State legislators are beginning to challenge one of the ironclad tenets of public pension policy: that states cannot legally reduce pension benefits for current and future retirees. Lawmakers in Colorado, Minnesota and South Dakota voted earlier this year to limit cost-of-living increases they previously had promised to thousands of current and future retirees, who courts historically have protected from benefit reductions. Not surprisingly, retirees in each state have filed lawsuits asking judges to restore their annual benefit increases to what they were previously. Lawmakers, state retirement systems, public employee unions and others in the pension policy arena are closely watching the outcome of the legal challenges. If the courts do not reinstate the retirees' benefits, a flood of states could follow the lead of Colorado, Minnesota and South Dakota. The reverse also would be true. "If the plaintiffs are successful, it may discourage legislators in other states from attempting to diminish benefits," says Keith Brainard, research director at the National Association of State Retirement Administrators. —Stephen C. Fehr, *Stateline.org*. [Read more.](#)

### **\$800,000 for a City Manager? The Pay Scandal in the City of Bell, CA**

The absurd salaries paid to the top brass in Bell, Calif., illuminates what happens when self-interest replaces (trumps?) public service. Bell's City Council approved raises that brought the city manager to an annual salary of nearly \$800,000, with his assistant city manager earning nearly \$400,000 and the police chief more than \$450,000. These salaries are by far the highest in California, and obviously outliers, never mind the fact that Bell is a community of only 38,000 residents. So it might be easy to dismiss this scandal as another sorry example of the abuse of power in poor communities without a strong civic culture of accountability. Yet it also bears directly on the escalating debate going on across California and the nation about salaries and benefits in the public sector. It goes to the heart of what "public service" means in the 21st Century. —Rick Cole, *Governing*.

[Read more.](#)

### **U.S. Bailouts Benefited Foreign Firms, Report Says**

The federal government's effort to stabilize the financial system in 2008 by flooding money into as many banks as possible resulted in a boon to many foreign firms and left the United States shouldering far more risk than governments that took a narrower approach, according to a new report by a panel overseeing the Treasury's \$700 billion bailout fund. Members of the Congressional Oversight Panel, in a report due out Thursday, note that America's broad financial rescues had more impact internationally than the narrower bailout programs of other countries had on U.S. firms. They cite as a case study the bailout of insurance giant American International Group. While the Treasury committed up to \$70 billion to AIG through its Troubled Assets Relief Program, the report states, much of that money ended up in the coffers of foreign trading partners in France, Germany and other countries. —Brady Dennis, *The Washington Post*. [Read more.](#)

### **Compliance with the Yellow Book**

AGA is offering a one- or two-day training course on The Yellow Book (also known as GAGAS), which encompasses numerous engagements, such as auditing financial statements, performance auditing and engaging in attest work (reviews, examinations and agreed-upon procedures). Anyone working on a Yellow Book engagement must understand its general, fieldwork and reporting standards. The participants will be able to understand the requirements contained within Yellow Book such as those for financial statement audits, performance audits and attestation engagements.

For more information about this course or any of the other 40 courses that AGA offers, please contact [Joe Jozefczyk](#), AGA's director of education, at 800.AGA.7211, ext. 307, or [Lynn Hoffman](#), programs coordinator, ext. 342.

### **AGA's Guam Chapter Presents Scholarships to College Students**

Three students at Guam Community College will receive \$500 scholarships for spring semester 2011, thanks to AGA's Annual 5K Run/Walk, sponsored by the Guam Chapter. AGA members presented a check to college officials on July 30. [Read more.](#)

The Guam Chapter also recently held its Emerging Issues Conference. Rachel Field, George Bardwil, CGFM-Retired, and Jose Guevara, CGFM, attended the biennial Pacific Emerging Issues Conference Aug. 10-12, sponsored by AGA's Guam Chapter and the Guam Society of Certified Public Accountants. Attendees earned up to 24 CPE hours.

### **Federal Agencies Could be Passing Over Good Job Candidates**

Federal agencies have room for improvement when it comes to assessing applicants for federal jobs, according to a new survey of government officials and observers.

[The report](#), released Thursday from the nonprofit Partnership for Public Service and PDRI, a human resources consulting firm, found government does a poor job of evaluating applicants for federal positions. Representatives from veterans groups, labor unions, the Office of Personnel Management and agency HR staffs, along with federal hiring managers, said a lack of collaboration between stakeholders is a key barrier to an effective assessment process.

Respondents reported insufficient guidance from OPM, limited resources for training hiring managers and a narrow focus on the formal assessment process also get in the way of hiring good candidates to federal jobs. Concentrating on writing clear position requirements, conducting reference checks and using internship programs effectively would improve applicant assessment, they said. —Emily Long, *Government Executive*.

[Read more.](#)

### **Mortgage Fraud Thrives in Good and Bad Times**

The house on the 53rd block of South Wood Street in Chicago's Back of the Yards doesn't look like a \$355,000 home. There is no front door and most of the windows are boarded up.

Public records show it was sold in foreclosure for \$25,500 in January 2009, then resold for \$355,000 in October. In between, a \$110,000 mortgage was taken out on the home, supposedly for renovations. This June, the property went back into foreclosure.

To Emilio Carrasquillo, head of the local office of non-profit lender Neighborhood Housing Services of Chicago (NHS), the numbers don't add up. He believes this is a case of mortgage fraud.

Mortgage fraud is a crime that cost an estimated \$14 billion in 2009 and could be hampering an already fragile recovery in the housing market. The FBI has been fighting back, assembling its largest ever team to fight the scams. They have their work cut out for them, though, as a tsunami of foreclosures is making classic scams easier and spawning new ones to boot. —*Reuters*. [Read more.](#)

### **Comment Deadline Approaching on GASB's Pension Preliminary Views**

**Friday, Sept. 17**, is the deadline for commenting on the Governmental Accounting Standards Board (GASB) Preliminary Views, *Pension Accounting and Financial Reporting by Employers*. The document is available free-of-charge on the [Documents for Public Comment](#) page of the GASB website.

### **AGA's FMSB Comments on GASB Exposure Draft**

AGA's Financial Management Standards Board (FMSB) sent a comment letter to the Governmental Accounting Standards Board (GASB) on its revised Exposure Draft of a



proposed Statement on Service Concession Arrangements. The FMSB generally agreed with the provisions in the revised exposure draft, and responded to the questions posed by GASB in the draft. [Read more.](#)

### **FASAB Issues Standard on Subsequent Events**

The Federal Accounting Standards Advisory Board (FASAB) issued Statement of Federal Financial Accounting Standards (SFFAS) 39, *Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statements on Auditing Standards*. The American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards (SAS) AU section 560, Subsequent Events, includes accounting and financial reporting guidance that is not discussed in the authoritative literature that establishes accounting principles. The objective of SFFAS 39 is to incorporate that guidance into the authoritative literature of the FASAB. [Read more.](#)

### **AGA Offers Courses on Internal Controls and Fraud Prevention**

Is your organization taking the necessary steps to prevent fraud from occurring in its operations and programs? Do you know how to detect fraudulent activities and what steps to take to prevent them from happening?

AGA offers several training courses related to fraud and internal controls and participants are awarded NASBA recognized CPEs upon completion of each course. The courses are taught at your work location by experienced professionals who understand the steps necessary to prevent fraudulent activities from hampering your organizational structure and its bottom line. The courses include:

- Fraud Detection and Prevention
- Internal Controls for Auditors—Assessing Risks and Controls in Government Audits
- Understanding Controls in the Federal Government—Understanding A-123
- Internal Controls for Managers and Staff—Running an Effective Government Organization

For more information about these courses or any of the other 37 courses that AGA offers, please contact [Joe Jozefczyk](#), AGA's director of education, at 800.AGA.7211, ext. 307, or [Lynn Hoffman](#), programs coordinator, ext. 342.

# Audio Conference

## Audio Conference Set On Cooperative Audit Resolution

AGA, in conjunction with the National Association of State Auditors, Comptrollers and Treasurers (NASACT) and the Association of Local Government Auditors (ALGA), is pleased to announce a new audio conference, worth 2 CPE hours, on the impact of cooperative audit resolution. The audio conference is set for 2 - 3:50 p.m. EDT, **Sept. 29.**

During this audio conference, you will learn about a proven process to prevent and resolve audit and oversight findings. AGA recently released the Cooperative Audit Resolution and Oversight Initiative (CAROI) Guide. The guide explains how to use the CAROI process to identify the underlying cause of findings and to chart a course for program improvement.

Learn how Pennsylvania used the process in the mid-1990s to resolve more than 100 audit findings, including some that were already in litigation. CAROI focuses on improving communication and on developing a sense of trust among government officials, rather than depending on an impersonal letter-writing process. It can be implemented during any phase of the grants cycle and can be initiated by officials at any level of government. It includes government officials from many disciplines, including program officials, financial managers, legal staff and other officials who are knowledgeable about a specific program. This session will review the CAROI process and explain how the tools provided in AGA's guide can be used to improve program performance and accountability. [The guide is available online.](#)

Speakers are **John Childs, MPA**, Chief Financial Officer, Ohio Department of Education; **Charles Laster**, Deputy Director of School Support and Technology Programs, Office of Elementary and Secondary Education, U.S. Department of Education; **Rich Rasa, CGFM**, Director and Local Advisory and Assistance, Office of Inspector General, U.S. Education Department; and **Helena Sims**, Director of Intergovernmental Relations for the AGA.

Cost is \$249 per site (UNLIMITED ATTENDANCE) if you register on or before **Friday, Sept. 24, 2010** and \$299 thereafter. **SPECIAL PROMOTION:** Government agencies and AGA Corporate Partner members who register five or more offices will receive a 20 percent discount (\$200 per site)

To Register: 1) [Register online](#) 2) [Print the registration form](#) or Special [Promotion Registration](#) and fax it to 703.684.6933

If you have any questions regarding registration, please contact [Maria Lucas](#) at 800.AGA.7211, ext. 308. Questions regarding the program should be directed to [Raymond Harris](#) at ext. 339.

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## **Newsletter Information**

Observations is the monthly newsletter of the Chicago Chapter of the Association of Government Accountants (AGA). Subscriptions to Observations may only be obtained by joining AGA. This is the first edition of Observations for the **2010-2011** chapter year. To submit material for upcoming issues, contact Alexandria Hayden at 312/353-3033 (phone) or 312/353-3814 (FAX). **To update delivery information, contact Alexandria Hayden at 312/353-3033.** If you are not receiving the Chicago Chapter Newsletter electronically, please send your current e-mail address to:

[Alexandria.Hayden@oig.hhs.gov](mailto:Alexandria.Hayden@oig.hhs.gov)

## **Martin J. Dickman**

Martin J. Dickman was appointed by the President and confirmed by the Senate as Inspector General of the U.S. Railroad Retirement Board (RRB) in October 1994. As Inspector General, he is responsible for promoting economy, efficiency, and effectiveness; and for detecting any waste, fraud, or abuse in the programs and operations of the RRB.

RRB, an independent Federal agency headquartered in Chicago, administers comprehensive disability, retirement-survivor and unemployment-sickness insurance benefit programs for the nation's railroad workers and their families. The RRB also has administrative responsibilities for certain benefit payments under the Social Security Act and administers Medicare Part B, the physician service aspect of the Medicare program, for qualified railroad beneficiaries.

The RRB's central mission is to pay accurate and timely benefits. During fiscal year 2009, the RRB paid approximately \$10.5 billion in retirement and survivor benefits to 589,000 beneficiaries. RRB also paid roughly \$154.1 million in net unemployment and sickness insurance benefits to almost 24,000 unemployment insurance beneficiaries and 18,000 sickness insurance beneficiaries. As of September 30, 2009, the Railroad Medicare Part B carrier paid over \$900 million in medical insurance benefits for approximately 468,000 beneficiaries.

Before his appointment as Inspector General, Mr. Dickman served from 1991-94 as a prosecutor for the Cook County, Illinois State's Attorney's Financial and Governmental Crimes Task Force. His responsibilities included the investigation, indictment, and prosecution of criminal cases involving governmental and white collar crimes.

From 1972-91, Mr. Dickman was a member of the Board of Trade of the City of Chicago. At the Board of Trade, he served as the presiding judicial officer at Exchange judicial hearings, and as a Director and Member of the Executive Committee. He established policy, long-range strategic plans, and international development for the multi-million dollar entity. He also developed legal and administrative policies, and approved budgets for over 800 staff employees and 3,000 members.

Mr. Dickman has conducted legal research and assisted in trial preparation as an Associate with the Law Firm of Peter Fitzpatrick and Associates in Chicago, 1973-89; and presided over tax-related disputes as a Hearings Referee for the Illinois Department of Revenue, 1976-80. He has also interpreted and drafted legislation as Legislative Counsel for the minority leadership of the Illinois House of Representatives, 1972-73; and represented the City of Chicago in various aspects of civil litigation as an Assistant Corporation Counsel, 1970-72.

A native of Chicago, Mr. Dickman is a graduate of the University of Illinois (B.S. 1966) and DePaul University College of Law (J.D. 1969). Mr. Dickman is a member of the Council of Inspectors General on Integrity and Efficiency, and has been an active member of the Association of Inspectors General since 1999. In addition, Mr. Dickman is a guest lecturer at the John Jay College of Criminal Justice.