



Observations



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

AGA – Dedicated to serving the community and promoting government accountability

October 2010

Issue 2

Update your member information!

Please review and update your personal information at National's website, 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!

In This Issue . . .

President's Message.....	2
Training Schedule	3
Speaker Bio.....	4
Audio Conference Information.....	5
CGFM Corner.....	6
Training Opportunities.....	7
From the National Office.....	8
Contact Us.....	12

Upcoming Events

Luncheon:

Monday,
October 18, 2010
11:30 AM

Speaker:

Joe Ferguson,
City of Chicago
Inspector General

Location:

Metcalfe Federal
Building
77 W. Jackson
Room 2205

Price:

\$5 members
\$12 non-members

1 CPE

Please RSVP to:

Diane Terzian

dterzian@hudoig.gov

cc: Heath Wolfe

WWolfe@hudoig.gov



*Advancing
Government
Accountability*

Association
of Government
Accountants

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October 5, 2010

Dear AGA Chicago Members,

We are pleased to invite Mr. Joseph Ferguson, City of Chicago Inspector General, Mr. Ferguson will discuss "Roles/ Responsibilities of the City Inspector General".

Our next meeting will be held on Monday, October 18, 2010 in the **Metcalf Federal Building**, 77 W. Jackson, Suite 2205. 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 the attending this meeting, please email Diane Terzian at: dterzian@hudoig.gov. Please CC myself on the email, WWolfe@hudoig.gov before close of business October 14, 2010.

I hope to see you all on October 18th! If you have any questions or comments, please contact me at (312) 913-8674 or wwolfe@hudoig.gov.

Cordially,

Heath Wolfe

Heath Wolfe
President

2010-2011 Training Schedule*

DATE*	TOPIC	SPEAKER	LOCATION
October 18, 2010	Roles/ Responsibilities of the City IG	Joe Ferguson, City of Chicago Inspector General	77 W. Jackson Blvd., Room 2205
November 19, 2010	One-day PDC**	TBD	77 W. Jackson Blvd., Room 2205
December 13, 2010	TBD	Ed Carter, Assistant Attorney General/Supervisor of Financial Crimes Prosecution from the State of Illinois	77 W. Jackson Blvd. GSA Conference Room, Room 331
January 18, 2011	Federal benefits and how they relate to retirement planning	Brad Bobb, Financial Planner	77 W. Jackson Blvd., Room 328
February 11, 2011	TBD	Paul Lionikis, Federal Reserve Bank of Boston	77 W. Jackson Blvd.GSA Conference Room 331
March 14, 2011	TBD	Michael T. Kosanovich, Assistant Special Agent in Charge, Chicago FBI	77 W. Jackson Blvd.GSA Conference Room 331
April 11-12, 2011	Two-day PDC	TBD	77 W. Jackson Blvd.GSA Conference Room 331
May 9, 2011	TBD	TBD	77 W. Jackson Blvd.GSA Conference Room 331

*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.

RSVP to Diane by COB October 14th

Diane Terzian

EMail: dterzian@hudoig.gov

Please cc Heath Wolfe: WWolfe@hudoig.gov

Please join us on Monday, October 18th
77 West Jackson Blvd.,
Room 2205 at 11:30AM!!!

Speaker Bio

Joseph M. Ferguson, Inspector General

Source: <http://www.chicagoinspectorgeneral.org/office-joseph-ferguson.html>

Joseph Ferguson was appointed as Inspector General for the City of Chicago on October 9, 2009 by Mayor Richard M. Daley. The City Council, following on the recommendation of the Council's Committee on Budget and Government, unanimously confirmed the nomination of Ferguson to a four-year term effective November 30, 2009.

Ferguson comes to the Inspector General's Office, following 15 years with the United States Attorney's Office (USAO) for the Northern District of Illinois. He spent his first six years in the USAO in the office's Civil Division, where he litigated cases involving employment discrimination (Title VII), civil rights, environmental law, and government program fraud. Ferguson's work included a landmark environmental case, which was ultimately decided by the United States Supreme Court.

For the last nine years, Ferguson worked in the Criminal Division of the USAO, prosecuting cases that included charges of public corruption, mail/wire fraud, tax fraud, terrorist financing, and labor racketeering. Most recently, Ferguson was the Chief of the Money Laundering and Forfeiture Section, having worked previously in that division as Deputy Chief. He also held positions as Deputy Chief of Financial Crimes & Special Prosecutions and Terrorist Financing Coordinator. He has received the Department of Justice's Director's Award for his work in asset forfeiture. He is also a recipient of the Gaston Gianni Better Government Award from the President's Council on Integrity & Efficiency for his work as part of a team that identified and prosecuted broad scale fraud in the federal food stamp program.

In addition to his work with the USAO, Ferguson has been an adjunct instructor at both the Loyola University and John Marshall Schools of Law in Chicago - teaching, among other things, National Security Law. He has also been an instructor at the Department of Justice's National Advocacy Center, which provides training for federal, state, and local prosecutors and investigative agencies.

Ferguson was a law clerk to the Hon. Myron H. Bright of the United States Court of Appeals for the Eighth Circuit and the Hon. Suzanne B. Conlon of the U.S. District Court for the Northern District of Illinois. He worked for two years as a litigation associate at the law firm of Sidley Austin, where, among other things, he worked on anti-trust and commercial litigation matters, as well as doing pro bono death penalty work before the U.S. Seventh Circuit Court of Appeals and the U.S. Supreme Court.

Ferguson received a Bachelor of Arts degree from Lake Forest College in 1982, and later went on to Northwestern University Law School, earning his JD in 1990.

Audio Conference - Was It Fraud or Just Poor Audit Quality?

AGA, in conjunction with the National Association of State Auditors, Comptrollers and Treasurers and the Association of Local Government Auditors, is pleased to a new audio conference that addresses whether the auditors in a specific case were accomplices in a financial statement fraud.

This session describes a state agency's quality review of a not-for-profit organization's A-133 audit. The case study describes the organization audited, its federally- and state-funded programs, and the CPA firm retained to do the audit. Various anomalies in the financial statements alerted state officials to potential problems, and a detailed quality review followed. Find out how the entity turned hundreds of thousands of dollars in bank overdrafts into hundreds of thousands of dollars of cash on its balance sheet. Explore other “creative” ways to deal with fixed assets, accounts receivable and related-party transactions. Were the auditors just sloppy, ignorant or negligent? Or were they active participants in producing fraudulent financial statements? You be the judge.

To share his practical experience in auditing and investigating fraud, waste and abuse is **David L. Cotton, CFE, CGFM, CPA, Chairman, Cotton & Company LLP**. The firm was founded in 1981 and has a practice concentration in assisting federal and state government agencies, inspectors general and government grantees and contractors with a variety of government program-related assurance and advisory services. Cotton & Company has performed grant and contract, indirect cost rate, financial statement, financial related and performance audits for more than two dozen federal inspectors general (including the Government Accountability Office, Department of State, the Department of Justice, Department of Education, Drug Enforcement Administration and Department of Homeland Security).

Please join us for two hours of lively discussion about this important and timely topic. In addition to the speaker’s commentary, there will be approximately 20 minutes for Q & A so that the participants can ask the speaker questions and share their own experiences.

Date: Wednesday, Oct. 20, 2010 **Time:** 1 – 2:50 p.m. Central Standard Time

Learning Objectives: To learn how auditors handle a case of fraud

Prerequisite: Some familiarity with internal controls and fraud

Advance Prep: None required **CPE:** Two credit hours

Cost: **FREE** for members; \$25 per person for non-members

Location: Metcalfe Federal Building, Room 2513

Light refreshments will be provided; space limited to the first 50 attendees on a first-come first-serve basis.

Please RSVP to Health Wolfe wwolfe@hudoig.gov and Tom DiLisio Dilisio.thomas@dol.gov by **COB October 15, 2010**.

CGFM Corner



The Mark of Excellence in Government Financial Management

The Certified Government Financial Manager

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.

Click on the link below to see the 2010 AGA Compensation Survey Report: The Value of a CGFM Certificate

<http://www.agacgfm.org/cgfm/downloads/CGFMCompensationSurvey.pdf>

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

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



Happy Halloween!!!

From the National Office

President Names GAO Veteran Dodaro to Head Agency

President Obama announced Wednesday he would nominate **Gene L. Dodaro, CGFM**, to serve as comptroller general of the United States and head of the U.S. Government Accountability Office. Dodaro, a member of AGA's Northern Virginia Chapter, has been acting head of GAO since March 2008, when David M. Walker left the agency to head the Peter G. Peterson Foundation. If Dodaro's nomination is approved by the Senate, he will serve a 15-year term as comptroller general. Dodaro is a GAO veteran, having served at the agency for more than 30 years. For nine years, he was GAO's chief operating officer, the No. 2 position at the agency. Before that, he headed its largest operating unit, the Accounting and Information Management Division. During that period, Dodaro oversaw the first-ever audit of comprehensive financial statements covering all federal agencies. --Tom Shoop, *Government Executive*. [Read more.](#)

Feds Gain Power Over Billions in Medicare Fraud

Proposed regulations seek to crack down on Medicare and Medicaid fraud by subjecting operators of certain medical firms to fingerprinting and stopping payments when credible fraud allegations are made, documents show. The rules would give federal health officials key powers to identify fraud early and reduce the estimated \$55 billion in improper payments made each year in the Medicare and Medicaid programs, said Peter Budetti, director of the new anti-fraud office at the federal Centers for Medicare & Medicaid Services. --Alison Young, *USA Today*. [Read more.](#)

Virginia Transportation Dept. Audit UnCOVERS Hundreds of Millions in Unspent Funds

Gov. Robert F. McDonnell is expected to announce the findings of a new audit of the Virginia Department of Transportation, which sources said has uncovered hundreds of millions of dollars in unspent funds spread across several accounts. Two sources familiar with the audit, who spoke on the condition of anonymity so as not to preempt the governor's announcement, said the accounts could total \$500 million. Sen. John C. Watkins (R-Chesterfield) said Secretary of Transportation Sean T. Connaughton told him that the audit could bring in at least \$300 million. According to Watkins, Connaughton said those funds, nearly \$500 million from the possible privatization of the state's liquor system and a third, yet-to-be-announced revenue source could total \$1 billion. The money is significant because the state has struggled for years to find road and transit funds. "All the stars have to be aligned right," he said. --Anita Kumar, *The Washington Post*. [Read more.](#)

From Facebook to Government: Can Millennials Increase Government Popularity?

It may be difficult to look beyond the mounting deficits, partisan rancor and political gridlock driving headlines today. But at this moment exists a unique opportunity to reshape government--in Washington, D.C., in every state capital and throughout local government in America. Approximately 60 percent of the federal work force is age 45

and older, according to the U.S. Office of Personnel Management, including one in every three mid- to senior-level federal officials is preparing to retire in the near term. At the state and local levels, a similar retirement wave is taking place, according to the Center for State and Local Government Excellence. Baby boomers are exiting the public work force in numbers that will grow significantly over time. --John Della Volpe, *Governing*. [Read more.](#)

Depreciation in the Public Sector

In the private sector, depreciation matches the acquisition cost of the asset against the revenues the asset makes possible. Because the revenue flow is uncertain, companies often depreciate assets quickly (that is, it is usual for an asset to be fully depreciated before it is retired). This goes hand in hand with the conservative principle and also tends to more closely match net book value with market value, though there is no guarantee of the latter. How should depreciation be viewed and calculated in the public sector? -- Simcha Kuritzky, CGFM, CPA. [Read the entire column.](#)

For the Unemployed Over 50, Fears of Never Working Again

Patricia Reid is not in her 70s, an age when many Americans continue to work. She is not even in her 60s. She is just 57. But four years after losing her job she cannot, in her darkest moments, escape a nagging thought: she may never work again. College educated, with a degree in business administration, she is experienced, having worked for two decades as an internal auditor and analyst at Boeing before losing that job. But that does not seem to matter, not for her and not for a growing number of people in their 50s and 60s who desperately want or need to work to pay for retirement and who are starting to worry that they may be discarded from the work force--forever. Since the economic collapse, there are not enough jobs being created for the population as a whole, much less for those in the twilight of their careers. --Motoko Rich, *The New York Times*. [Read more.](#)

Stay Current on Changes in Governmental GAAP

The 2010-2011 editions of the Governmental Accounting Standards Board's Annual Bound Editions--including the *Codification*, the *Comprehensive Implementation Guide* and *Original Pronouncements*--are now available for pre-order on the [GASB website](#). Just click on the Store tab and follow the links.

AGA Standards Board Sends Comment Letter on Pension Accounting

AGA's Financial Management Standards Board (FMSB) sent a comment letter Sept. 21 to the Governmental Accounting Standards Board (GASB) on their Preliminary Views Document on Pension Accounting and Reporting by Employers. The FMSB agreed with much of GASB's proposed guidance, but emphasized the significant change for state and local governments should the provisions of the PV ultimately result in a standard. The FMSB does expect that the final standard will provide the basis for making fiscally sound pension-related policy decisions, especially by identifying the full expense of pension plan benefits and the liability of entities to fund that expense. [Read the full letter.](#)

Auditors: Staffing Shortages Stymie Stimulus

Efforts to pump \$862 billion in stimulus into the economy and create private jobs are being slowed by a shortage of federal jobs: the 25,000 overseers of grants and contracts to guard against waste and fraud, government auditors say. Those officials worry that the shifting of resources to high-priority stimulus programs could have a ripple effect on non-Recovery Act activities. Recovery Board Chairman Earl Devaney said the act has brought a long-term trend to the breaking point. Government spending on contractors rose 144 percent from 2001 to 2008, while contracting staff increased 12 percent. "It's a wake-up call," Devaney said. —Gregory Korte, *Federal Times*. [Read more.](#)

USASpending.gov Numbers off by \$1.3 Trillion, Report Says

The U.S. Department of Health and Human Services is the worst offender among federal agencies in failing to report its spending data to the USASpending.gov spending website, according to a new report from the Sunlight Foundation watchdog group. HHS did not report \$495 billion in spending to USASpending.gov in 2009, which represented more than half of the department's total spending that year, the report states. Ranking second through fifth in failure to report in the watchdog group's ClearSpending project report were: Department of Veterans Affairs, \$48 billion unreported; Department of Agriculture, \$14 billion unreported; Social Security Administration, \$13 billion unreported; Railroad Retirement Board, \$11 billion unreported. —Alice Lipowicz, *Federal Computer Week*. [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 [Lynn Hoffman](#), programs coordinator, at 800.AGA.7211, ext. 342

Emerging Issues Committee Seeks Members

Do you want to be part of a dynamic think tank on the leading edge of government accountability issues? AGA has one and you can participate. The Emerging Issues Committee can have up to 11 members; the committee is looking for AGA members in

good standing to serve a three-year term. Committee co-chairs, **Jeanette Franzel, CGFM, CPA,** and **Tony Rainey,** are primarily looking for applicants who are with state or local levels of government to strengthen committee representation in those constituencies, but feds are also welcome!

The committee's mission is to identify and elevate awareness of significant emerging issues that impact government accountability at the federal, state and/or local level. Once issues are identified, the committee can take a range of possible actions to assist other AGA members in dealing with these issues. The committee also provides input to the technical committee for the Professional Development Conference & Exposition and to the Corporate Partner Advisory Group Research Program. The committee presents a session on emerging issues at the PDC.

If you are interested in serving on this prestigious committee, please contact the staff liaison for the committee, AGA director of Research [Anna Miller](#).

Make the Most of Your AGA Membership

Access members' only resources, update your member profile, hear from your Association industry peers, find a complete listing of upcoming programs, and more. [Get started today.](#)

Thank you for your membership and welcome to AGA. Here are a few helpful tips to get you started as you begin your journey with us. [Learn about AGA.](#)

Five Things To Do Today:

- [Log on](#)--Access our Members' Only site by using your AGA member ID # as your login and the first initial of your first name followed by your entire last name as your password. If you need assistance logging on, contact the [Member Service Center](#) at 800.AGA.7211 (703.684.6931 in the DC Metro area) or [e-mail us](#).
- [Let Us Know Who You Are](#)--Make sure your contact information is current to ensure the continuance of member benefits without interruption. After logging on, click on "edit" in the gray box on your screen.
- [Connect with Your Chapter](#)--Getting involved with your chapter will help take your career to the next level by building your network and increasing your training and leadership programs.
- [Continue Your Professional Education](#)--Make plans now to attend AGA's government financial management education events. Our conferences attract leaders from federal, state and local governments and the private sector looking to enhance their career development and gather innovative insights into government financial management now and in the future.

Connect With Our Social Networks --You can network with AGA online, anytime.

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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 second 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:

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