



Observations



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

AGA – Dedicated to serving the community and promoting government accountability

December 2008

Issue 2

Upcoming Events

**Thursday,
December 11th
11:30 AM**

**Luncheon
Speaker:**

*Barry Jay Epstein,
Ph.D., CPA
Fraudulent Financial
Reporting*

Location:

Metcalf Federal Bldg
77 W. Jackson
Suite 2205

Price:

**FREE for AGA
members
(Must RSVP by
12/9/2008)
\$11 for Others**

1 CPE Credit

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!

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*Advancing
Government
Accountability*

Association
of Government
Accountants

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December 3, 2008

Dear AGA Chicago Members,

At our last meeting we had the pleasure of hearing from Rick Mattoon, Senior Economist and Economic Advisor, Economic Research Department, Federal Reserve Bank of Chicago. He provided us with some good information about the economy and what we can expect in the future.

Our next meeting has been changed to December 11, 2008. The speaker for that meeting is Barry Jay Epstein, Ph.D., CPA. Dr. Epstein is a Financial Litigation Advisory Partner at Russell Novak & Company, LLP. Dr. Epstein's presentation will cover fraudulent financial reporting, with a focus on detection and defense aspects.

I want to thank all of those members that have volunteered to serve this year. If you want share your talents and be part of the leadership for our chapter there are still vacancies for five Director Positions. The position of "Meetings Director" is still open and critical. The volunteer for that position will be reimbursed 100% of their AGA dues. The four other open positions are Community Service Director, Job Referral Director, Chapter Recognition Director, and Awards Director. Volunteers for each of those positions will be reimbursed 50% of their AGA dues.

As a token for appreciation for all members that have attended our chapter meetings, the leadership of the chapter voted to provide a "Free Lunch" to all current members who attend the December 11, 2008 meeting. Unfortunately non-members will still have to pay the luncheon fee for this meeting. Hope to see you at our next meeting and participate in this special December meeting. If you have any questions or comments, please contact me at 312-730-1634 or raul.nieto@ed.gov.

Cordially,

A handwritten signature in cursive script that reads "Raul Nieto".

Raul Nieto, CGFM
President



December Member Appreciation Luncheon

December Member Appreciation Luncheon

FREE LUNCH TO ALL AGA MEMBERS*
****(Must RSVP by December 9th to receive free lunch)***

Please note date change of AGA meeting!

Please join us for an informative luncheon/ training event featuring Barry Jay Epstein, Ph.D., CPA. Dr. Epstein is a Financial Litigation Advisory Partner at Russell Novak & Company, LLP. Dr. Epstein's presentation will cover fraudulent financial reporting, with a focus on detection and defense aspects.

Date/ Time: December 11, 2008 @ 11:30 AM

Metcalf Federal Building
Location: 77 W. Jackson Room 2205

CPEs: 1

Cost: FREE TO ALL AGA MEMBERS
NON-MEMBERS: \$11

Please RSVP to Raul Nieto at 312.730.1634 or raul.nieto@ed.gov
by December 9th to reserve a seat.

This lunch will be catered by Buona Beef



Speaker Biography

<http://www.rnco.com/barry-jay-epstein.html>
<http://www.hgexperts.com/expert-witness.asp?id=44138>

Barry Jay Epstein, Ph.D., CPA, is a Chicago-based financial reporting expert, author, and litigation consultant with over 40 years experience as an accountant, auditor and financial executive. Dr. Epstein has consulted and/or testified as an expert witness for plaintiff and defense attorneys in over 90 cases. He has done substantial work for the Securities and Exchange Commission (SEC), the Department of Justice and other agencies.

Dr. Epstein is a partner at Russell Novak & Co. LLP, where he focuses on litigation consulting. He is co-author of Wiley GAAP & Wiley IFRS, two widely-used accounting reference works.



2008-2009 Training Schedule*

DATE	SPEAKER	TOPIC	LOCATION
December 11, 2008	Barry Jay Epstein, Ph.D., CPA Financial Litigation Advisory Partner at Russell Novak & Company, LLP	Fraudulent Financial Reporting	Metcalf Bldg. 77 W. Jackson Room 2205
February 10, 2009	TBD	TBD	233 N. Michigan Suite 1329
March 10, 2009	TBD	TBD	233 N. Michigan Suite 1329
April 14, 2009	TBD	TBD	Metcalf Bldg. 77 W. Jackson Room 2205
May 19, 2009	TBD	TBD	500 W. Madison Suite 1414

* Dates subject to change

CGFM Corner



The Mark of Excellence in Government Financial Management

Take the CGFM Examinations before the NLC

Don't miss the opportunity to take the CGFM Examinations and earn your CGFM before the annual National Leadership Conference (NLC) in Washington D.C. AGA is offering a two-day Intensive Review Course on Monday, February 16, and Tuesday, February 17, 2009 and an opportunity to take CGFM Examinations on February 18-19, 2009. The cost of the course is only \$249 for qualified participants, and it offers 18 CPE hours. Special Bonus: the CGFM Examinations are offered at no cost to course attendees.

This course is designed as a supplement to previous preparation for the CGFM Examinations, so this is a perfect opportunity for those individuals who have already attended GFM training courses or have been preparing by using the CGFM Study Guides. Enrollment is limited and participants must first apply and be accepted into the CGFM Program, so don't delay.

More information and a registration form for this event are available at http://www.agacgfm.org/nlc_2009/cgfm_exams.htm

Why Certification Matters. Why CGFM.

By: John Radford, CGFM, CIA, CFE, Oregon State Controller

People often ask me why certification is important. I tell them it's all about accountability.

Employers prefer staff members who are certified because they have undergone a rigorous testing procedure, proving they have specialized skills and knowledge. Certification also shows that the employees are committed to continuing their professional education and upholding high ethical standards—requirements for maintaining their credential.

The pluses extend beyond the workplace, though. Citizens benefit from knowing the public's work is being done by professionals who have demonstrated their expertise. Certification boosts public confidence in government.

That's why I'm a big supporter of AGA's Certified Government Financial Manager (CGFM) certification. If there was a Good Housekeeping Seal of Approval for government finance professionals, this would be it. The CGFM is the mark of excellence. It is fast becoming the certification of choice for financial and fiscal employees at all levels of government.

Earning the CGFM requires a bachelor's degree, a minimum of two years of professional level government financial management experience, and passing three tough examinations that cover

all three levels of government. Passing the exams is just the beginning. CGFMs must follow AGA's strict Code of Ethics and complete at least 80 hours of Continuing Professional Education (CPE) every two years.

Anyone who works in government finance will tell you that their work differs significantly from what their counterparts are doing in the public sector. People who have passed the exams tell me that the process has helped them see more clearly how all the pieces of government financial processes fit together.

Consider what one new CGFM, an auditor for the Commonwealth of Virginia, said: "It has given me a better appreciation for the big picture. When you're new to working in the governmental environment it's such a strange animal compared to public sector accounting."

William D. Brown, who earned his CGFM credential after more than 20 years in New Jersey's most challenging fiscal offices, says: "If you are planning a career in government fiscal management, you need to earn this certification. It is the only program broad enough to measure the knowledge needed by today's professionals at the federal, state and local levels."

The demands on government financial managers are only going to increase. No longer relegated to back rooms, finance professionals are key members of decision-making teams for government programs. Government financial managers are constantly updating their skills to make financial information reliable, instantly accessible, and easy for program managers to understand to make everyday decisions and plan for the long term.

The field of government financial management will be far different tomorrow from what it is today. Having broad knowledge, a recognized professional designation and a requirement to stay abreast of the latest developments will be the way to distinguish you from the crowd.

Governments across the country are likely now entering a period of potentially great change. Our national regulatory environment may change, well known human capital challenges are already being felt, and state agencies may face renewed calls for efficiency and effectiveness. Now may be the time for state agencies and employees to consider making a commitment to the AGA's CGFM program.

DID YOU KNOW AGA HAS A CAREER RESOURCE CENTER?

AGA Career Resource Center

<http://aga.careerbank.com/JS/CareerResources/>

Make use of all the great resources the network offers! Get a free career assessment, free magazines or read countless job descriptions to aid you in your job search. From personality tests to helpful articles and videos, we can help you prepare for your job search by giving you the tools you need. Take a look at the career resources our network offers and those that interest you.

From the National Office

States Face New Budget Shortfalls

The moribund economy is drying up tax revenues more dramatically than expected, forcing 22 states, including California, to confront growing budget gaps. Some states have already eliminated jobs and services--and more cuts are likely. The new shortfalls -- totaling at least \$11.2 billion--come just months after numerous states enacted belt-tightening measures while writing their yearly budgets. Officials also adjusted their revenue projections downward to account for the slowing economy. But in many cases, the actual revenue for the first quarter of the fiscal year, which began July 1, has proven to be even lower. The gaps "will almost certainly widen" as tax revenues continue to disappoint, according to the Center on Budget and Policy Priorities, a Washington think tank that compiled the state data in a report this month. Economists and other observers fear the numbers may signal the onset of a historic fiscal crisis for state governments. --Richard Fausset and Nicholas Riccardi, *Los Angeles Times*. [Read more.](#)

RI State Auditor and AGA Member Leading AICPA

Rhode Island Auditor General **Ernest A. Almonte, CGFM**, has been elected as chairman of the American Institute of Certified Public Accountants. Almonte, a member of AGA's Boston Chapter, was sworn in last Tuesday in a ceremony in Tuscon, AZ. He is the first government official to serve in this volunteer position since the organization's founding in 1887. His term is one year. Almonte is responsible for auditing the \$6-billion Rhode Island comprehensive annual financial report, the \$30-billion federal single audit, municipal oversight, performance audits, fraud audits and oversight of quasi-public agencies. He also manages a staff of 46 and has more than 29 years of experience in the accounting profession. As chairman of the AICPA, Almonte said one of his top priorities will be continuing to advance the professional's role in promoting financial literacy in the country. Almonte also announced the establishment of the AICPA Leadership Academy to groom members between 25 and 35 to become stewards of the profession, serving on Institute committees and acting as mentors. --AICPA and wire reports. [Read more.](#)



FASAB Issues New Statement of Federal Financial Accounting

The Federal Accounting Standards Advisory Board (FASAB) has issued Statement of Federal Financial Accounting Standards (SFFAS) 33, *Pensions, Other Retirement Benefits, and Other Post-employment benefits: Reporting Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*. The standards in SFFAS 33 require:

- Gains and losses from changes in long-term assumptions used to estimate liabilities for federal employee pension and other retirement benefits, and other post-employment benefits to be displayed as discrete line items on the governmentwide entity's and the component entities' statements of net cost; and
- Components of the expense associated with such liabilities to be disclosed in notes to the financial statements. SFFAS 33 also provides standards for selecting the discount rate assumption and the valuation date for such liabilities.

Practices have varied regarding the discount rate for such liabilities and SFFAS 33 establishes one consistent approach for such rates for these liabilities. The standards prescribed in SFFAS 33 are effective for periods beginning after **Sept. 30, 2009**. The statement is available on the FASAB [website](#).



Registration & Housing Now Open for AGA's National Leadership Conference!

Make plans now to attend AGA's Seventh Annual National Leadership Conference to be held February 19-20, 2009 in Washington, D.C.

Government financial managers are deeply committed to producing timely, reliable and useful financial information, with the goal of running government programs more efficiently. At AGA's National Leadership Conference (NLC), those sentiments are more than just words.

The NLC brings together the top minds in the industry to share best practices, leadership secrets, the newest management techniques, and the most recent information on always-changing standards and regulations. Sessions will cover important topics and issues facing government financial managers, such as leadership, transparency, accountability, and examine affects of political transitions and what the future holds.

The NLC also features an exposition filled with the latest resources, products and services available from your partners in the private sector. Visit the Exhibit Hall to find pace-setting tools and technology that will help you do your job faster, more efficiently and more effectively. The Exhibit Hall is a hub of activity and offers an environment dedicated to networking and the sharing of ideas. This is the perfect place to mix and mingle and connect with industry professionals from around the country. Some companies will conduct raffles--stop by and you may become a winner!

As you can see, AGA's National Leadership Conference offers outstanding technical training, dynamic speakers and plenty of opportunities to network with colleagues and friends.

Information about the conference agenda, speakers and sessions are coming soon. Stay tuned to the website, www.agacgfm.org/nlc, for more information. But don't wait. Show your commitment to excellence--register today!

- [Register Online and Save!](#)
- [Download Registration Form](#)

Why wait? Reserve your room today! We have reserved a block of rooms at the JW Marriott Hotel for NLC attendees. The JW offers a celebrated address near the city's best monuments, museums, restaurants and cultural venues. The hotel is adjacent to the National Theater and just one short block away from the Ronald Reagan Building and International Trade Center.

The AGA room rate is \$209 (plus tax) for single and double occupancy. Rates are guaranteed until January 31, 2009, *or until the block is sold out*. We encourage you to make your hotel reservations early, for the best price and availability.

- **To make a reservation, please call the hotel at 800.393.2503 and mention you are attending the "AGA NLC" to receive the discounted rate.**
- Or, for your convenience, you may also [reserve a room online](#).

What Obama Could Do for States

Barack Obama will take over as president at a tumultuous time for state governments, many of which have been jolted by an economic downturn that analysts say could last into 2010. Whether Obama can strengthen the relationship between the federal government and the states will ultimately depend on how soon he can turn around the economy, according to state officials. --Stephen C. Fehr, *Stateline.org*. [Read more.](#)

Fraud and the Financial Meltdown: Critical Lessons

Whenever the dust settles from the current economic disaster, one major element of the crisis will make news headlines for years to come. That element is--you guessed it--fraud. The question now is not whether fraud played a role in bringing about the current crisis, but rather how extensive and complex the fraud factor is. And those answers will only emerge over time as prosecutors, auditors, defense attorneys, regulators, investigators, judges and juries toil over the next months and years to determine (among other things)...

- . Who is guilty of fraud.
- . What kinds of fraud were committed in the run-up to the meltdown.
- . Why fraud was not detected--and acted on--before things got "out of hand".
- . Who will pay for the damage attribute to fraud....and how much.

If there is a silver lining in the worst financial catastrophe since the Great Depression, it is that an array of new insights into the dynamics of financial crime is certain to emerge from the shocking events of recent months. --Peter Goldmann, Association of Certified Fraud Examiners. [Read more.](#)



Thank You for Your Service

There's a real nip in the air these days. With Thanksgiving just around the corner, AGA would like to thank you--the members.

It doesn't seem possible another calendar year has nearly passed and like the change of the season, many of you are transitioning into new administrations. The ups and downs of the year were many and while the nation had many "down" moments, it also had "up" times, too, thanks to the work of government accountability professionals like you. This past year has been good to us, and we thank you for your patronage and for allowing us to serve you.

More than ever the citizens of this great nation need what you can provide--transparent and understandable financial information about their governments. And your professional Association, AGA, is here to support you and the entire profession.

Be sure to take advantage of everything that AGA has to offer. AGA is committed to providing you with quality educational programs; professional certification with the Certified Government Financial Manager (CGFM); groundbreaking research; recognition programs for financial reporting; and so much more. AGA provides you with unparalleled service and quality to keep you at the forefront of the profession.

As we celebrate this Thanksgiving, AGA gives special thanks to you for all that you do to enhance accountability at all levels of government.

Help AGA continue to be a strong, vital organization by participating in ***The Big Easy*** Member-Get-A-Member Campaign. [Read more.](#)

Federal CFOs Could be Key Players in Obama Administration

Chief financial officers could play a significant role in shaping agency missions during the next administration. But first, they'll need to learn the ins and outs of federal financial management, which is very different than in the private sector, where most incoming CFOs are likely to have been schooled. " President-elect Obama has talked about wanting to bring a scalpel to programs and to really look at places in the federal government where we can take money from certain things that are no longer effective and apply it to other things," said Patricia Healy, who served nine years as deputy chief financial officer at the Agriculture Department before retiring from federal service in January 2008. To help bring incoming CFOs up to speed, Healy led a group of current and former federal

executives working as advisers to the Council for Excellence in Government, a nonprofit organization in Washington that works to improve public sector management, to produce the "[Federal CFO Roadmap](#)." --Katherine McIntire Peters, *Government Executive*. [Read more](#).

Massachusetts Leads in 'New Economy'

Massachusetts once again leads all other states in moving its economy away from the old industrial "smokestack-chasing" model to one based on technology, creativity and innovation, a new report released Nov. 18 said. Washington, Maryland, Delaware and New Jersey round out the top five states, while Mississippi and West Virginia ranked lowest in making the transition to the new economy, according to [The 2008 State New Economy Index](#). --Pamela M. Prah, *Stateline.org*. [Read more](#).

Interim Guidance Posted to GAO's Yellow Book Web Page

The U.S. Government Accountability Office (GAO) has posted the document "[Interim Guidance on Reporting Deficiencies in Internal Control for GAGAS Financial Audits and Attestation Engagements \(November 2008\)](#)" on the Yellow Book Web page. Call Michael Hrapsky at 202.512.9535 with questions or send an e-mail to yellowbook@gao.gov.

AGA's Blog

Visit the AGA Blog at <http://aga.typepad.com/aga/>.

If you have questions about how to post a comment or subscribe to the feed that sends blog entries straight to your e-mail address, you can [find out more](#). Want to spend a day as our guest on the blog? Contact [Marie Force](#), communications director.



Save the Date!

AGA PDC 2009

The 58th Annual Professional Development Conference (PDC) will take place **June 21–24** in New Orleans, LA.

ASSOCIATION OF GOVERNMENT ACCOUNTANTS
CHICAGO CHAPTER
MONTHLY FINANCIAL STATEMENTS
October 1, 2008 to October 31, 2008

INCOME STATEMENT

REVENUE:	
Luncheons	\$ 152.00
Dues	\$ -
TOTAL REVENUE	<u>\$ 152.00</u>
 EXPENSES	
Meals	\$ 322.19
Postage & Mailing Expenses	\$ -
State of Illinois Fees	\$ 150.00
Cook County Recorder Fees	\$ -
P.O. Box Rental Fees	\$ -
Charitable Contributions	\$ -
Promotional Expenses	\$ 150.00
Speaker Expenses	\$ -
Recruitment Scholarship	\$ -
Misc. Expenses	\$ 203.40
TOTAL EXPENSES	<u>\$ 825.59</u>
 NET INCOME (LOSS)	 \$ (673.59)

BALANCE SHEET
10/31/2008

ASSETS	
Cash	
Checking Account	\$ 22,440.16
Petty Cash	<u>100.00</u>
TOTAL ASSETS	<u><u>\$ 22,540.16</u></u>
 LIABILITIES	 \$ -
 NET WORTH	 <u><u>\$ 22,540.16</u></u>
 9/30/08 balance	 \$ 22,440.16
 INCREASES:	
Cash Receipts - Checking Account	152.00
 DECREASES:	
Cash Disbursements	(825.59)
 NET WORTH - END OF PERIOD	 <u><u>\$ 21,766.57</u></u>

Checks Disbursements:

1029	\$203.40	Website renewal
1030	\$322.19	Luncheon Food
1031	\$150.00	Gift Cards
1032	\$150.00	Il Secr. Of State CPE

<p>Executive Committee</p> <p>President Raul Nieto ED/OIG 312/ 730-1634 raul.nieto@ed.gov</p> <p>President – Elect Heath Wolfe HUD/OIG 312/353-6236 ext. 2674 wwolfe@hudoig.gov</p> <p>Past President Clemente Torres HHS/OIG 312/ 353-1656 clemente.torres@oig.hhs.gov</p> <p>Secretary Sandy Lawera HHS/OIG 312/ 353-3144 Sandy.Lawera@oig.hhs.gov</p> <p>Treasurer Thomas DiLisio DOL 312/ 596-5454 Dilisio.thomas@dol.gov</p>	<p>Program Director Steve Whitecotton HHS/ OIG 312/353-7886 steve.whitecotton@oig.hhs.gov</p> <p>Meetings Director Vacant</p> <p>Membership Director Janet Knauff RRB/OIG 312/ 751-4683 Janet.Knauff@rrb.gov</p> <p>Newsletter Editor Alexandria Hayden HHS/OIG 312/ 353-3033 Alexandria.Hayden@oig.hhs.gov</p> <p>Historian Aníbal Marrero HHS/OIG 312/ 353-3029 Anibal.marrero@oig.hhs.gov</p> <p>Education Director Frank Moy GSA/OIG 312/ 353-7781, Ext. 112 franklin.moy@gsa.gov</p>	<p>Webmaster Mark Knudson RRB/ OIG 312/751-4764 mark.knudson@rrb.gov</p> <p>Community Service Director Vacant</p> <p>CGFM Raul Nieto ED/OIG 312/ 730-1634 raul.nieto@ed.gov</p> <p>Early Careers Coordinator Jolanta Biskup ED/OIG 312/ 730-1619 Jolanta.biskup@ed.gov</p> <p>Job Referral Vacant</p> <p>Publicity Director Olga Gesell HHS/OIG 312/ 353-7907 Olga.Gesell@oig.hhs.gov</p>
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Newsletter Information

Observations is the monthly newsletter of the Chicago Chapter of the Association of Government Accountants (AGA). Observations is published six times each year. Subscriptions to Observations may only be obtained by joining AGA. This is the second edition of Observations for the **2008-2009** chapter year. To submit material for upcoming issues, contact Alexandria Hayden at 312/353-3033 (phone) or 312/353-3814 (FAX). **The deadline for submissions to upcoming issues is the second Friday of each month. 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