



Observations



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

AGA – Dedicated to serving the community and promoting government accountability

March 2012

Issue 5

AGA Chicago Chapter Annual Conference

Reserve your seat for this two-day informational event worth 13 CPEs! See pages 4-8 for more details!

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!

Apply for 2012 National Academic Scholarships

Are you or a family member pursuing undergraduate or graduate studies in disciplines such as accounting, auditing, budgeting, economics, finance, information technology, public administration, etc.? If so, consider applying for an AGA National Academic Scholarship today! See the newsletter for further details!

Most Outrageous Tax Deduction - See page 18!

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*Advancing
Government
Accountability*

Association
of Government
Accountants

Chicago Chapter
P. O. Box 81015
Chicago, IL 60681-0015

www.agachicago.org

March 6, 2012

Dear AGA Chicago Chapter Members,

We are accepting nominations for our 2012-2013 Chapter Executive Committee. If you are interested in joining please see the following notification and send me your nomination. We are always looking for volunteers and enjoy working with motivated individuals throughout Chicago. If you have any questions please do not hesitate to contact me at tmcmanigal@hudoig.gov.

As you know, our 2012 Annual Conference is scheduled for Wednesday April 18th and Thursday April 19th of 2012. We will be holding our Annual Conference on these days from 8:30 am through 4:00 pm at the Metcalfe Federal Building located at 77 West Jackson Boulevard, Chicago, IL. We will feature speakers from the National Office, Federal Reserve Bank of Chicago, Social Security Administration, U.S. Trustees Office, Nuclear Regulatory Commission, City of Chicago, Federal Bureau of Investigation, University of Connecticut, and Cotton and Company LLC. The annual conference will be worth 13 continuing professional education credits and we hope to see you there!

Our chapter obtained all three Certified Government Financial Manager (CGFM) study guides. Please contact our CGFM chair Raul Nieto if you are interested in checking them out. His contact information, along with the contact information of the entire executive committee, is included on the last page of this newsletter.

Sincerely,

Thomas McManigal

Tom McManigal
President



AGA Chicago Chapter

2011-2012 Training Schedule*

DATE	TOPIC	SPEAKER	LOCATION
April 18-19, 2012	Annual Chapter Conference	See attached flyer	GSA Conference Room 77 W. Jackson Blvd., Room 331
May 15, 2012	TBD	TBD	DHHS Conference 233 N. Michigan Ave. Suite 1329 11:00AM to 1:30PM

*Dates subject to change

**Reserve your seat now for the
AGA Chicago Chapter Annual Conference!**

The conference is a two-day training worth **13 CPE hours**

Last day of registration is April 1, 2012

Members: \$195

Nonmembers: \$295

Students: \$80

Group (5+): \$195 per person

See the flyer on the next page for more information!

2012 ANNUAL PROFESSIONAL DEVELOPMENT CONFERENCE

Presented by the Association of Government Accountants' Chicago Chapter

AGA's mission is to serve accountability professionals by providing quality education, fostering professional development and certification, and supporting standards and research to advance government accountability.

This two-day training is worth **13 CPE hours** approved by the Illinois Department of Financial and Professional Regulation

**April 18th & 19th
8:00AM - 4:00PM**

Metcalfe Federal Building
GSA Room 331
77 W. Jackson Boulevard
Chicago, Illinois 60604

Register by April 1, 2012

Members: \$195
Nonmembers: \$295
Students: \$80
Group (5+): \$195 per person

SPEAKERS:

Wednesday, April 18th

David Cotton, CPA, CFE, CGFM,
Chairman, Cotton & Company LLP
*Federal Cost Principles and Administrative Rules
SAS 99 Case Study: Sewer District Fraud*

Dr. Richard Hurley, Ph.D., Esq., CPA, CFE, CFF, FCPA
Professor, University of Connecticut
Whistle-Blowing from False Claims Act to Dodd-Frank Act

Bobby Derrick, Field Representative, AGA's National Office
Leadership Challenges Created by New Technologies

Becker Professional Education, Sponsor
Continuing Professional Education and the CPA Examination

Conference application, agenda, and speaker bios attached.

Please submit application forms to:
mmatczynski@hudoig.gov &
cc: tmcmanigal@hudoig.gov

Additional information:

1. CPE certificate distributed at conclusion of conference
2. No prerequisites
3. Breakfast and lunch will be provided

Visit the events section of our chapter website at:
www.agachicago.org

Thursday, April 19th

Doug Tillett, Vice President of Public Affairs, Federal Reserve Bank of Chicago
Structure and Purpose of the Federal Reserve

Brian Etchell, Special Agent, Federal Bureau of Investigation
Hired Truck Investigation

Joseph M. Ferguson, City of Chicago's Inspector General
The Role and Mission of a Municipal Inspector General in a Modern City

Steve Reynolds, Director of Reactor Safety, Nuclear Regulatory Commission
NRC Actions in Response to Japan Reactor Disaster

Mayra Salazar, Public Affairs Specialist, Social Security Administration
Social Security Benefits and Solvency

Patrick Layng, U.S. Trustee, U.S. Trustee's Office
Bankruptcy Basics and Fraud





**AGA's Chicago Chapter
2012 Annual Professional Development Conference**

Conference Registration Form

**April 18th & 19th
8:00AM - 4:00PM**

Metcalfe Federal Building
GSA Room 331
77 W. Jackson Boulevard
Chicago, Illinois 60604

Register by April 1, 2012

Members: \$195
Nonmembers: \$295
Students: \$80
Group (5+): \$195 per

General Information

- A certificate of completion will be distributed to all conference participants at the conclusion of the event.
- All necessary materials will be furnished at the conference.
- There are no prerequisites for the conference.
- Breakfast and lunch will be provided both days.

QUESTIONS:

REGISTRATION QUESTIONS: PLEASE CONTACT OUR PROGRAM DIRECTOR, MATTHEW MATCZYNSKI AT 312-913-8644 OR VIA EMAIL AT MMATCZYNSKI@HUDOIG.GOV

PAYMENT QUESTIONS: PLEASE CONTACT OUR TREASURER, TOM DILISIO AT 312-596-5454 OR VIA EMAIL AT DILISIO.THOMAS@DOL.GOV

Registration Information

Please register all people who will be attending the conference below (please print).

First Name	Last Name	Organization	Price

Order total: _____

Method of Payment

- Check
- We will provide an invoice to the contact person identified below. Checks should be payable to **AGA-Chicago Chapter** and mailed to the Post Office Box listed below.
- Electronic Fund Transfer (EFT)
- We will provide an invoice and our bank routing information to the contact person identified below.

Contact Information

Please include the contact information for the person who will coordinate the registration fee payment (below).

_____ Name

_____ Address

_____ Phone

_____ Email

AGA Chicago Chapter
Mailing Address:
P.O. Box 81015
Chicago, IL 60681-0015

Chapter President
Tom McManigal
Phone: 312-913-8035
Email: tmcmanigal@hudoig.gov

Program Director
Matthew Matczynski
Phone: 312-913-8644
Email: mmatczynski@hudoig.gov





AGA's Chicago Chapter

2012 Annual Professional Development Conference

CONFERENCE SPEAKERS:

David Cotton, CPA, CFE, CGFM

Dave Cotton is chairman of Cotton & Company LLP. The firm primarily assists Federal and State government agencies, grantees, and contractors with a variety of government program assurance and advisory services. Mr. Cotton has served on multiple boards, councils, task forces, and subcommittees within the accounting industry and coauthored "*Managing the Business Risk of Fraud*". Mr. Cotton has directed hundreds of audits, testified as an expert before the United States Court of Federal Claims and currently teaches at George Washington University and the George Mason University Small Business Development Center.

Bobby Derrick, Field Representative, AGA's National Office

Bobby A. Derrick served 35 years with the federal government and is retired from DFAS Indianapolis where he was Director for Business Management and Network Compliance. Bobby has held many positions within AGA including past National President of AGA (2004-2005), past member of the National Executive Committee (six years), and Senior Vice-President for Regional Services (three years) (SVPRS). Bobby joined the Association in 1974, and has served at the chapter, regional, and national level for many years. He was instrumental in creating several new AGA Chapters and helping revitalizing those Chapters needing assistance. Bobby is a native of Corbin, KY and has an MBA from Eastern Kentucky University.

Joseph M. Ferguson, City of Chicago's Inspector General

Joseph Ferguson began a four-year term as Chicago's Inspector General on November 30, 2009. Ferguson came to the Inspector General's Office following 15 years with the United States Attorney's Office (USAO) for the Northern District of Illinois. From 1994 through 1999 he represented the United States in cases before the U.S. District Court for the Northern District of Illinois and U.S. Seventh Circuit Court of Appeals 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. From 2000 to 2009, Ferguson worked in the Criminal Division of the USAO, prosecuting public corruption, mail/wire fraud, tax, healthcare and government program frauds, terrorist financing, drug and labor racketeering cases. Ferguson served as the Chief of the USAO's Money Laundering and Forfeiture Section, where he had previously served as Deputy Chief. He also held positions as Deputy Chief of Financial Crimes & Special Prosecutions and Terrorist Financing Coordinator. 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. 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 received his Bachelor of Arts degree from Lake Forest College in 1982, and his J.D. from Northwestern University Law School in 1990.

Dr. Richard Hurley, Ph.D., Esq., CPA, CFE, CFF, FCPA

Dr. Hurley earned his Ph.D. in Accounting from the University of Connecticut in 1994; his Juris Doctorate in 1974 from the Albany Law School; a Masters in Accounting from the State University of New York in 1976, and his BS in History from the Maxwell School of Administration Public Affairs at Syracuse University in 1970. Dr. Hurley is a New York licensed Attorney and is licensed to practice before the U.S. Supreme Court, U.S. Tax Court, U.S. Federal District Court, and New York State Court system. Dr. Hurley is a Professor of Accounting for the School of Business at the University of Connecticut and has been teaching courses in Accounting and Security Fraud, Financial Accounting and Reporting, Financial Statement Analysis, and Forensic Accounting and Fraud Examination. For the past two years Dr. Hurley has co-authored a bi-monthly column entitled, Global Fraud Focus for Fraud Magazine, an ACFE publication. Previously, Dr. Hurley has written a column in Fraud Magazine entitled, Fraud Edge, which was devoted to educational issues in the fraud environment. Finally, Dr. Hurley is a Board Member of the Capital District Chapter of the Association of Certified Fraud Examiners.



AGA's Chicago Chapter

2012 Annual Professional Development Conference

CONFERENCE SPEAKERS:

Patrick S. Layng, U.S. Trustee, Region 11

Patrick S. Layng was appointed by Attorney General Erick Holder as U.S. Trustee for the Northern District of Illinois and the Eastern and Western Districts of Wisconsin (Region 11) on December 14, 2010. For the past six years, Mr. Layng was a Regional Criminal Coordinator with the U.S. Trustee Program with responsibility for prosecuting bankruptcy-related cases as a Special Assistant U.S. Attorney, providing consultation and guidance for law enforcement and USTP personnel on criminal bankruptcy and fraud issues, and lecturing extensively on bankruptcy crimes, mortgage fraud, and related topics. Prior to that, he was an Assistant U.S. Attorney in the Northern District of Illinois for more than 14 years. From 1987 to 1989, Mr. Layng was law clerk to the Honorable Stanley J. Roszkowski, U.S. District Court, Northern District of Illinois. Mr. Layng has tried nearly 40 federal criminal trials and argued 14 cases before the U.S. Court of Appeals for the Seventh Circuit. He received his law degree cum laude from the University of Illinois Urbana-Champaign Law School and his undergraduate degree magna cum laude from the University of Illinois Urbana-Champaign College of Commerce.

Steve Reynolds, Director of Reactor Safety, Nuclear Regulatory Commission

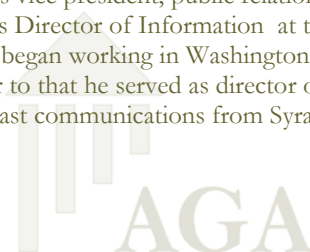
Steve Reynolds serves as the Director for the Division of Reactor Safety and also serves as a Japan Site Team Director for the U.S. NRC. Prior to his current position, Mr. Reynolds served as Deputy Director and Acting Director of the Division of Reactor Projects, and Director of Division of Nuclear Materials Safety. Mr. Reynolds was previously the Deputy Director of the Division of Reactor Safety, a position he was selected for in July 1998. In 1997, he began his assignment as Chief, Independent Corrective Action Verification Program Oversight Branch in the Special Projects Office in NRR. Prior to that, he was the Technical Assistant to the Director, Office of NRR, Leader of the NRC License Renewal Rulemaking Working Group, Technical Assistant to the Associate Director for Advanced Reactors and License Renewal, Senior Project Manager-License Renewal, Project Manager-Decommissioning, and Project Manager-Rancho Seco (1989-1997). Mr. Reynolds joined the NRC in 1986 as a Reactor Inspector in Region III. He had been previously employed as a Nuclear Engineer with the Norfolk Naval Shipyard. Mr. Reynolds graduated from the Florida Institute of Technology in 1981 with a B.S. degree in Ocean Engineering.

Mayra Salazar, Public Affairs Specialist, Social Security Administration

Mayra Salazar is a Public Affairs Specialist for the Social Security Administration serving the Chicago Metropolitan Area. She has held many positions with the agency during her extensive career. Currently, her primary responsibilities include reaching out to Chicago's diverse communities and speaking about the importance of Social Security, and educating people about its programs through workshops and seminars. Although Ms. Salazar speaks on all areas of Social Security, she has recently emphasized teaching people how Social Security should factor into retirement planning and how to navigate the Social Security website.

Doug Tillett, Vice President of Public Affairs, Federal Reserve Bank of Chicago

Douglas Tillett joined the Federal Reserve Bank of Chicago in July 2001 as vice president of public affairs. His current responsibility is to oversee the Bank's strategic media and public affairs programs. Previously, Tillett served as the spokesman for the Federal Reserve Bank of New York, where he was assistant vice president, public information from 1997 to 2001. He also served as the New York Fed's corporate secretary in 2000 and 2001. Prior to joining the New York Fed, Tillett worked in Washington, DC, as vice president, public relations for the National Association of Life Underwriters. Before that he served the United States government as Director of Information at the Small Business Administration and as director of public affairs at the U.S. Department of Justice. Tillett began working in Washington in 1986 as a senior account executive at Bailey, Deardourff and Associates, a political advertising firm. Prior to that he served as director of public affairs for the Office of Attorney General of Pennsylvania. Tillett graduated with a B.S. in broadcast communications from Syracuse University and received an M.G.A. in public administration from the University of Pennsylvania.





AGA's Chicago Chapter

2012 Annual Professional Development Conference

CONFERENCE AGENDA

Wednesday, April 18th			
8:00 AM	8:30 AM	Registration/Breakfast/Introduction	
8:30 AM	10:00 AM	David Cotton, Chairman, Cotton & Company LLP	Federal Cost Principles and Administrative Rules
10:00 AM	11:40 AM	David Cotton, Chairman, Cotton & Company LLP	SAS 99 Case Study: Sewer District Fraud
11:40 AM	12:40 PM	LUNCH	
12:40 PM	2:30 PM	Dr. Richard Hurley, Professor, University of Connecticut	Whistle-Blowing from False Claims Act to Dodd-Frank Act
2:30 PM	3:30 PM	Bobby Derrick, Field Representative, AGA's National Office	Leadership Challenges Created by New Technologies
3:30 PM	4:00 PM	Becker Professional Education	Continuing Professional Education and the CPA Examination

Thursday, April 19th			
8:00 AM	8:30 AM	Registration/Breakfast/Introduction	
8:30 AM	9:30 AM	Doug Tillett, Vice President of Public Affairs, Federal Reserve Bank of Chicago	Structure and Purpose of the Federal Reserve
9:30 AM	10:30 AM	Brian Etchell, Special Agent, Federal Bureau of Investigation	Hired Truck Investigation
10:30 AM	11:45 AM	Joseph M. Ferguson, City of Chicago's Inspector General	The Role and Mission of a Municipal Inspector General in a Modern City
11:45 AM	12:45 PM	LUNCH	
12:45 PM	1:45 PM	Steve Reynolds, Director of Reactor Safety, Nuclear Regulatory Commission	NRC Actions in Response to Japan Reactor Disaster
1:45 PM	2:45 PM	Mayra Salazar, Public Affairs Specialist, Social Security Administration	Social Security Benefits and Solvency
2:45 PM	3:45 PM	Patrick Layng, U.S. Trustee, U.S. Trustee's Office	Bankruptcy Basics and Fraud
3:45 PM	4:00 PM	Closing comments	

Notice: Chapter Executive Committee Nominations

We are currently accepting nominations, including self nominations, for our chapter executive committee. All chapter officer and director positions are identified below. Each executive committee member shall be appointed for a one-year term from July 1st through June 30th.

Nominations will be accepted no later than March 31st and can be sent directly to Tom McManigal, Chapter President, at tmcmanigal@hudoig.gov. The nominating committee will review and accept at least one candidate for the officer positions and not more than 3 candidates for each director position.

A ballot will be published in our April chapter newsletter. Once published, we will accept ballots no later than May 31st. Ballots can be submitted by mail to our chapter PO Box, provided in person at our chapter executive committee meeting on May 8th, or sent via email to Tom McManigal at tmcmanigal@hudoig.gov.

Election results will be tabulated by the nominating committee. The newsletter editor will announce the election results in the June edition of the Chapter's newsletter. Please consider joining our executive committee for the upcoming year. If you have any questions please call Tom McManigal at (312) 913-8035.

Officers

President
President Elect
Secretary
Treasurer

Directors

Programs
Meetings
Membership
Newsletter Editor
Historian
Education
Website
Community Service
Certified Government Financial Manager (CGFM)
Early Careers
Job Referral
Publicity
Awards
Chapter Recognition
Accountability

Executive Committee Meeting Minutes

Association of Government Accountants • Chicago Chapter • February 14, 2012

Present: Tom McManigal
Tom DiLisio
Matthew Matczynski
Janet Knauff
Rick Urbanowski
Alexandria Hayden
Anibal Marrero
Frank Moy
Raul Nieto
Jolanta Biskup
Olga Gesell
Crystal Carrier

Absent: Sandy Lawera
Mark Knudson
Steve Whitecotton
Herbert Kwan

Topics

1. 2012 Annual Conference
 - a. Volunteers
 - i. Oversight: Tom M.
 - ii. Scheduling: Tom M.
 - iii. Publicity: Tom M. and Steve W.
 - iv. Registration Committee: Anibal M. and Rick U.
 - v. Coordination: Matthew M.
 - b. Contacted Federal Executive Board who will be sending 2 fellows and have agreed to publicize the event.
 - c. Please reach out to your managers.
 - d. We ordered coffee mugs for the conference.
2. SLM Attendees
 - a. Janet K. and Matthew M.
 - b. Chapter will reimburse up to \$250 of travel costs not reimbursed by the national office for two participants. All travel costs must comply with Federal travel reimbursement regulations.

2012 AGA Chapter Awards

Association of Government Accountants • Chicago Chapter • March 2, 2012

Each year we recognize those in the government financial community who have contributed to our Chapter or its goals. As such, we are calling on all of our members, partners, and friends to submit nominations for any of the award categories identified below. Please send nominations to our Chapter President, Tom McManigal at tmcmanigal@hudoig.gov by **March 31, 2012**. We will announce the winners in our April newsletter and hold an award ceremony during our last monthly luncheon on Tuesday, May 15, 2012. Our chapter has greatly benefited from the contributions of many individuals. Please help us in rewarding those who have given so much. Thank you all for your help and support.

The award categories are as follows:

- **Government Financial Manager of the Year:**
To recognize an outstanding government financial leader who has led extraordinary initiatives in his/her employment that made a significant contribution to the government financial community.
- **Chapter Ambassador Award:**
To recognize a chapter member's outstanding efforts in publicizing AGA's mission, activities, and benefits.
- **Professional Development Award:**
To recognize an individual's efforts in providing continuing education opportunities for government financial managers and recognizes the importance of life-long learning.
- **Community Service Award:**
To recognize a member's personal commitment to community service projects sponsored by AGA and other community activities.
- **Member of the Year:**
To recognize a chapter member who has made the most outstanding contribution to the chapter over the current year.
- **Special Recognition:**
To recognize a chapter member who has either made a significant contribution over the current year or who has provided significant and consistent service over a number of years.
- **Outstanding Committee Chairperson of the Year:**
To recognize the highest performing Chairperson over the current year.



CGFM Certification

What Do Exams Cover?

The three comprehensive examinations that make up the core requirement of the CGFM program are:

- [Examination 1: Governmental Environment](#)
- [Examination 2: Governmental Accounting, Financial Reporting and Budgeting](#)
- [Examination 3: Governmental Financial Management and Control](#)

Each of the three separate examinations is structured to require a candidate to demonstrate primarily a general familiarity, understanding and appreciation of the subject area. However, portions of each examination, particularly Examination 2, requires a more detailed knowledge of specific techniques, standards, procedures and practices unique to either the federal government or state and local governments.

[View CGFM Examinations Sample Questions.](#)

[View the list of acronyms used on the examinations.](#)

The three CGFM Examinations are administered year-round in a multiple-choice, computerized format on behalf of AGA by Pearson VUE at their Professional Testing Centers. This computer-based administration allows the CGFM Examinations to be offered securely in more than 200 locations in the United States, reducing travel costs and allowing candidates to schedule exams at their convenience. See [Examination Procedures](#) for more information on how the examinations are administered.

Ready to start studying for the examinations? Check out our [How do I prepare?](#) section for more information on different ways to study for the CGFM examinations. When you are ready to take the examinations, go to [How do I purchase the exams?](#)

Above links located within the CGFM section of the AGA National website.

<http://www.agacgfm.org/cgfm/cgfmdefault.aspx>



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

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

Upcoming Audio Conferences

March 7: [Data Mining to Prioritize Investigations of Contract Fraud](#)

March 21: [A Systems Approach to Implementing Performance-Based Management and Budgeting](#)

April 18: [Find Strength in Numbers: Sampling Techniques to Improve Financial Audit, Control and Program Performance](#)

May 9: [Carlo Ponzi or Bernard Madoff--Who Was the Bigger Villain?](#)

AGA Chicago Chapter Recognition Program (February)

Category	Credits
Chapter Leadership, Planning & Participation	25
Education & Professional Development	300
Certification	100
Communications	175

Total – 600 credits

From the National Office



From the National President, Richard O. Bunce Jr., CGFM, CPA

Congratulations to **Mary E. Peterman, CGFM, CPA**, of AGA's Virginia Peninsula Chapter and **David A. LeBlanc, CGFM, CFS**, of AGA's Boston Chapter. Following the national nominating process, Mary has been selected as National President-Elect and David as National Treasurer-Elect. Your national officers and national office staff look forward to working with you as you prepare to assume those positions.

As if those selections weren't notice enough, the National Office keeps reminding me that we're quickly approaching the end of the program year and we still have much to do before we meet again in San Diego for the 61st PDC. The annual membership and CGFM renewal processes are in full swing, while successful chapter and regional educational events are held every week.

AGA continues to be the thought leader for advancing government accountability. Government agencies seek AGA's assistance with education and work force development, research projects and strategic analysis. AGA's role as a neutral third party brings professionals together to discuss tough challenges, such as the future of federal financial management. For the second year, AGA hosted the Federal Financial Systems Summit. More than 375 government executives and private sector leaders met with top officials from the Office of Management and Budget (OMB) and Treasury to discuss current activities influencing the future direction of financial systems and accountability. --[Read more.](#)

Consider Volunteering for AGA's National Boards and Committees

AGA is seeking candidates interested in filling vacancies on national boards and committees. Serving as a board or committee member might just be the most important contribution you will make to your own career and the profession. Take advantage of this exceptional opportunity to:

- Contribute to the growth and success of your professional association.
- Network with a dynamic group of accountability professionals.
- Develop your leadership skills.
- Develop solutions to meet present and future challenges.
- Stay apprised of hot topics in financial management.

Commitment - All board and committee terms begin July 1. Board terms run for one, two or three years, depending on the board, and committee terms run for three years.

Qualifications - If you are an AGA member in good standing, able to serve a full term of

office, and can participate in board and committee conference calls, you are qualified to serve. [Specific qualifications for each committee are listed here.](#)

Learn more about the activities our boards and committees perform by [visiting the AGA website](#). Contact [Louise Kapelewski](#) at 800.AGA.7211, ext. 321 for more information. Please fill out the [online sign-up form by March 30.](#)

AGA Needs National Award Nominations

AGA's National Awards Committee is now accepting nominations for 13 National Awards that recognize the leaders advancing our profession and setting the standards of excellence:

- Robert W. King Memorial Award
- Einhorn-Gary Award
- Frank Greathouse Distinguished Leadership Award
- Achievement of the Year Award
- Educator Award
- Cornelius E. Tierney/Ernst & Young Research Award
- Chapter Education Award
- Chapter Service Award
- Community Service Award
- International Achievement Award
- Chapter CGFM Award
- Emerging Leader Award of Excellence
- Regional Coordinator Award

These awards will be presented during AGA's 61st Annual Professional Development Conference & Exposition in San Diego, CA, from July 29-August 1, 2012. In many cases, individuals do not have to be members of AGA to be eligible. All nominations are due by **Friday, April 13, 2012.** [Nomination forms are available online.](#) For more information, contact [Louise Kapelewski](#).

Apply for 2012 National Academic Scholarships

Are you or a family member pursuing undergraduate or graduate studies in disciplines such as accounting, auditing, budgeting, economics, finance, information technology, public administration, etc.? If so, consider applying for an AGA National Academic Scholarship today!

Each year, AGA National awards:

- Up to four \$3,000 full-time merit scholarships to AGA members and their family members
- Up to two \$1,000 part-time merit scholarships to AGA members and their family members
- One \$3,000 community service scholarship

The **deadline for receipt of applications is Friday, March 30, 2012.** [Download a copy of the application](#), or contact [Louise Kapelewski](#).

Registrations Due March 14 for Sixth Annual Community Service Project in New Orleans

By: AGA Past National President Jeff Hart, CGFM, CFE

Since Hurricane Katrina struck Louisiana, a group of AGA members, family members and friends from around the country have personally coordinated annual community service projects to build homes in New Orleans. This year is no different. The event is set for **April 17-20** and registrations should be completed by **March 14** or sooner.

Remember, no construction skills or experience is necessary. Habitat for Humanity volunteers will train and supervise the AGA participants, and everyone will be involved in a meaningful job.

This year's Habitat work week is scheduled right after the [New Orleans French Quarter Festival](#), April 12-15. So come for the festival if you'd like, take a day to explore the city on Monday, April 16, as Habitat is closed Mondays, and then join us for one or more days building houses Tuesday through Friday.

In past years, some chapters and private firms have sponsored one or two members to participate in this rewarding community service event, so please encourage your local chapter to participate in any way they can.

Volunteers may stay at a hotel of their choice, or in the beautiful, new University of New Orleans dormitories (some rooms are actually two-bedroom furnished apartments) with a rate of only about \$30 per night, per person. Please register as soon as possible, especially if you'd like us to secure these inexpensive accommodations for you.

If you'd like to register, or would like additional details before deciding, please send me an e-mail right away at jeffshart@comcast.net or call me at 303.907.4664.

Member News

Dan Bonnette, CPA, a member of AGA's Boston Chapter, has taken a position at the Boston office of McGladrey, Pullen LLP, where he will lead the public sector audit practice.

Thalia J. Melendez, president of AGA's New York Capital Chapter, was recently promoted to Assistant Director for the Pension Integrity Bureau at the New York State and Local Retirement System, Office of the State Comptroller.

Bill Muench, CGFM, a member of AGA's Boston Chapter, has earned his Certified Fraud Examiner (CFE) certification. He is employed by the Defense Contract Audit Agency.

The following Boston Chapter members, all employed by the State Auditor's Office in the Commonwealth of Massachusetts, have earned their Certified Fraud Specialist (CFS) Certification:

Denise Lucciola, Julie O'Sullivan, Leo Pratt and Debra Semensi.

Cleveland Chapter member **Jason K. Denmeade** has been recognized by the Defense Finance and Accounting Service (DFAS) as DFAS Cleveland Mentor of the Year 2011. An awards luncheon is set for March 1.

Congratulations to all!

AGA Articles

Accounting Standards News

AGA Board Comments on FASAB's Three-Year Plan

AGA's Financial Management Standards Board (FMSB) has commented on a three-year plan issued by the Federal Accounting Standards Advisory Board (FASAB). FASAB on Jan. 11 published, "Report to Stakeholders: FASAB Three-Year Plan," and sought comments and input from stakeholders on the proposed plan, time frames for the various projects and as well as projects that were considered but not selected as a plan priority.

AGA's FMSB strongly agreed with FASAB's plan to review the Federal Reporting Entity and suggested that it be linked to with the Risk Assumed project. The letter also strongly supports FASAB's reevaluation of the Federal Financial Reporting Model. The FMSB also suggested that FASAB should consider adding to its work plan projects on performance reporting, linking cost and performance, and managerial cost accounting. The GPRA Modernization Act of 2010 has brought new attention to this topic and international standards- setters are active in this area. [Read the entire comment letter.](#)

AGA Seeking Comments on OMB Reform Ideas

The Office of Management and Budget (OMB) on Thursday released an Advance Notice of Proposed Guidance on reform proposals for OMB Circulars A-87 and A-133, which relate to cost allocation and Single Audits. Reform ideas for other OMB Circulars are also in the document. The reform proposals were developed in response to several Executive Orders aimed at lessening red tape and improving regulation of federal financial assistance. OMB is soliciting public input on these ideas before developing specific proposals for formal rulemaking later this year. A 30-day comment period will begin when the notice is officially published in the *Federal Register*, which is expected this week. A copy of the document can be obtained on the [White House website.](#)

Among the key reform ideas proposed by OMB are to increase the Single Audit threshold \$500,000 to \$1 million and to require agencies that expend between \$1 million and \$3 million to undergo a more focused Single Audit. Entities expending over \$3 million would continue to undergo a full Single Audit, but with more focus as well on certain compliance requirements. Greater emphasis would be placed on risk, auditing allowable and

unallowable costs and improper payments in the Single Audit. In the area of cost principles, OMB is proposing to consolidate cost principles into a single document and to limit variations by type of entity. They have also put forth the concept of allowing recipients to establish a flat rate for indirect costs and exploring alternatives to time and effort reporting for salaries and wages.

AGA is asking its members to read OMB's reform proposal and to answer the questions posed by OMB at the end of the document. AGA is also encouraging comments on any other matters that relate to the proposed reforms. Please respond by **March 15, 2012**. AGA will summarize answers and provide them to OMB before the deadline. It is important for AGA members to express their views on these matters as they impact our work in a significant way. Send comments to OMBComment@agacgm.org.

Treasury Scrambled to Dissuade Credit Agency as Downgrade Loomed

U.S. Department of the Treasury officials were in frequent contact with credit-rating agencies last year as they tried and failed to prevent the first-ever downgrade of U.S. debt, emails obtained by The Hill show. The internal documents, acquired through a Freedom of Information Act request, show that Obama administration officials were in touch with Standard & Poor's (S&P), Moody's and other rating agencies in an effort to assuage doubts about the nation's top-tier credit rating. That campaign ultimately failed on Aug. 5, when S&P became the first and only rater to downgrade U.S. securities. On the day the downgrade was announced, Treasury and S&P traded a flurry of emails, the documents reveal. --Kevin Bogardus and Peter Schroeder, *The Hill*. [Read more.](#)

State and Local News

Volunteers: Government's Underappreciated Resource

Public servants, constantly juggling the demands of efficiency, innovation, fairness and responsiveness, usually are focused on ways to manage their traditional resources: government employees, contractors, infrastructure, technology. Too often overlooked is how a public leader can incorporate the most plentiful human resource--the citizen. -- Stephen Goldsmith, *Governing*. [Read more.](#)

What the Federal Budget Doesn't Tell Us

Once again, we're consumed with the annual ritual of the president's budget. All of official Washington becomes fixed on the White House's proposals and their impact on deficits, debt, priorities and the economy. While it is the first shot in the annual budget wars, it is by no means the last word, since Congress ultimately decides how the federal government will spend our money.

But the federal budget tells just part of the story. It records only about 60 percent of the public sector's revenues and 69 percent of its spending. The missing part is the budgets for the state and local sector.

Much attention, for example, has been given to the level of revenues in the administration's budget plan (15 percent of GDP) and of spending (24 percent of GDP). However, when

looking at the public sector as a whole, total government revenues were 25 percent of GDP in 2010, while spending was 35 percent of the economy. While the total federal deficit was nearly 9 percent of GDP, it topped 10 percent when adding in state and local shortfalls. -- Paul Posner, *Governing*. [Read more.](#)

Federal Accounting Corner

Clearing Out Deposit Funds and Clearing Accounts

Many of us make the same resolutions each year, such as to lose weight or spend more time on X. The U.S. Department of the Treasury seems to have a perennial resolution to get rid of Deposit Funds and Clearing Accounts. The Governmentwide Accounting System (GWA) is supposed to solve this problem, but even as this new system is coming up, most agencies are requesting, and receiving permission, to maintain deposit funds. Starting in FY2012, the Standard General Ledger (SGL) Board added a new account 241000 that is to be used only for clearing accounts (Treasury Account Symbols F3500 through F3885). -- Simcha Kuritzky, CGFM, CPA. [Read more.](#)

Private Sector News

Most Outrageous Tax Deductions

The Minnesota Society of CPAs recently surveyed its members to identify the most creative tax deductions proposed by their clients. Here are some of the wackiest suggestions that CPAs heard from their clients:

Questionable Dependents--A taxpayer wanted to claim his elected official as a dependent because he "pays his salary."

Disallowed Charitable Donations--A client wanted to claim the market value of whole blood that the taxpayer donated.

'Fido' as a Business Expense--Pets proved popular with taxpayers wanting to deduct everything from pet food to vet bills.

Inflated Mileage Calculations--A handyman proposed to take a \$25,000 mileage deduction, even though he had only \$10,000 in revenue. He justified it by saying he drove 50,000 business miles in one year.

Creative Medical Expenses--An in-ground swimming pool without a doctor's order. -- WebCPA. [Read more.](#)

Amazon to Begin Collecting Virginia Sales Taxes

Amazon.com Inc. will begin collecting sales taxes from customers in Virginia as part of a deal with the state's governor. *The Washington Post* reported that Amazon operates a distribution center in northern Virginia and will open two more in the Richmond area this fall, and it has faced criticism from state officials and Virginia bricks-and-mortar retailers. The tax issue has been a recurring one for Amazon, as the company has negotiated separate

tax-collection agreements - or in some cases exemptions - with various states including California. In December, the company's deals with South Carolina and Tennessee were questioned by legal experts who said they might be unconstitutional because they granted Amazon an exemption that left other online retailers at a disadvantage. In the midst of all the piecemeal legislation passed by states, Amazon has been lobbying for bipartisan federal legislation enabling states to require online retailers to collect sales tax in some cases. -- *Puget Sound Business Journal*. [Read more.](#)

Miscellaneous News

Journal Columnist Seeks Ethics Questions

Ethics expert **Leon Young** is seeking questions for his quarterly Q&A column, "Ask Leon," in AGA's *Journal of Government Financial Management*. Young offers practical answers to readers' questions about ethical dilemmas, communication glitches and other workplace issues. Contact him at AskLeon17@aol.com with your questions, concerns or issues you'd like him to address.





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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 fifth edition of Observations for the **2011-2012** chapter year. To submit material for upcoming issues, 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