



# The Sounder

Volume 10-11 June 2011

## President's Message

We have completed a successful 2010 – 2011 Chapter Program Year. We offered 7 hours of interesting lunchtime CPE and co-hosted, with the Washington Society of Certified Public Accountants, the annual Governmental Accounting and Audit Conference. The Conference interest and attendance increased from last year, and AGA members accounted for almost 12% of the Conference attendees.

Our lunchtime CPE covered such topics Enterprise Risk Management (ERM), Form I-9 Auditing, U. S. Exporting of Harmful Electronic Waste, our annual Income Tax update, King County's Performance Management Journey (the Emerald Award Winner), Veterans' Stolen Valor (Fraud), and Using Survey Data to Support Evaluative Findings. We averaged 18 attendees per session and had some lively discussions about the topics.

Outreach projects - the Annual Toy Drive for the Christmas Season and a Food Drive at our January 2011 meeting. Both the toys and the food were given to local charities.

As a Board and Chapter, we said goodbye to Patty Fisher, ACF, HHS, as she completed her Senior Management course and is moving into a new phase of her career. We also welcome a new member to the Board, Michael Razmek, a retired government worker who recently moved to the area from California.

Looking to the new Program Year, Sherry Ware, VA OIG, will be the President and we anticipate an interesting year. We will be sharing specific Chapter Plans and hope that you will contact the Board Member responsible for a Plan that catches your interest or touches on a passion. GET Involved, BE Involved!!!

We sponsored two Community

Rick Osborn, Chapter President

## 2011-2012 AGA Seattle Chapter Board Members

Congratulations to our AGA Seattle Board Members and Officers for the upcoming 2011-2012 program year.

**President:** Sherry Ware

**President-Elect:** Tim Dobler

**Treasurer:** Pat Bohan

**Secretary:** Karyn Angulo

**Board Members:**

Jessica Gray

Krystal Nguyen

Michael Razmek

Jimese Magraff

Richard Osborn

## Upcoming Event

Please join us for our first monthly luncheon meeting of the year on Monday, September 19, 2011, at the Columbia Tower Club. Stay tuned for details on this luncheon via e-mail and in our fall newsletter.

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## AGA Seattle Chapter's Monthly Meetings - Program Year 2010-2011

We held the following monthly education events during program year 2010-2011. Our thanks to all of the presenters and participants who made this program year a success.

Monday, **September 20, 2010** – Columbia Tower Club – Drew Zavatsky, Washington State Office of Financial Management – Enterprise Risk Management (ERM)

Monday, **October 18, 2010** – Columbia Tower Club – Kristina Eby and Sandra Hollcraft, Auditors at Immigration & Customs Enforcement – The Impact of Immigration Risks on Employment and Payroll Frauds (Form I-9 Auditing)

Monday, **November 15, 2010** – GAO 28<sup>th</sup> Floor Training Room – Nathan Anderson, Senior Analyst at GAO – U.S. Export of Harmful Electronic Waste

Monday, **December 13, 2010** – Columbia Tower Club – Christina Polf, CPA – 2010 Tax Update. Also, Chapter Toy Drive

Monday, **January 10, 2011** – GAO 28<sup>th</sup> Floor Training Room – Emerald Award presentation to Michael Jacobson, King County Office of Performance, Strategy, and Budget – King County's Performance Management Journey: The Critical Role of Public Accountability. Chapter Food Drive

Monday, **February 14, 2011** – Columbia Tower Club – Dave Martin, Resident Agent in Charge, Department of Veterans Affairs Office of Inspector General – Stolen Valor

No luncheon meeting in **April** due to our annual 2-day conference (April 18-19, 2011) at the Tacoma Marriot, Tacoma, Washington

Monday, **May 16, 2011** – Columbia Tower Club – Michael Krafve, Senior Analyst at GAO – Survey Methodology

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### February Luncheon Wrap-Up: "Stolen Valor" Fraud and Workmen's Compensation (False Documents)

At the February 14 meeting, Dave Martin, Resident Agent in Charge, U.S. Department of Veterans Affairs, Office of Inspector General, provided a presentation concerning fraud. The operating definition he used for fraud was "a story" is relied upon as a basis for making business decisions, and the "story" is eventually determined to be false.

The "stories" provided by contractors to commit fraud hide conflicts of interest, bribery, and collusion.

The "stories" told by government employees include hiding bribery, kickbacks, and collusion.

For Veterans Affairs, a valor medal – the Purple Heart and the Medal of Honor –

entitles the recipient and their family with 100% free medical care for themselves and their families for life. The fraud occurs when individuals submit false, incomplete, and fabricated documents in order to obtain these benefits.

Mr. Martin provided examples of falsified documents that, unfortunately, were relied upon for the award of benefits. Subsequent investigation determined that the documents were false and the fraudster was identified and prosecuted. He said that the ongoing challenge is to provide training such that the benefits are not awarded in the first place rather than discovering the fraud after service has been provided.

Rick Osborn, Chapter President

## AGA Seattle Chapter News

### Change in Chapter Webmaster

After serving over 10 years as the Webmaster for the AGA Seattle Chapter Website, Gerald Illies is stepping down. We appreciate all of the support that Gerald has provided over the years in keeping our Website up-to-date and professional. Please join us in thanking Gerald for his years of service to our chapter.



### 2011 Governmental Accounting & Auditing Conference

The Governmental Accounting & Auditing Conference Review was held in Tacoma on April 18 and 19, 2011, with satellite locations in Everett and Spokane. I attended the session via video hookup at the Everett Community College.

The WSCPA/AGA have never disappointed me in their annual conferences. This year was no exception. What's more, attending via a satellite location didn't seem to reduce the effectiveness of the presentation.

While there were some differences, such as only 34 people in the classroom and meals served in the same room, the differences were either an advantage or of no particular consequence. The class size allowed for getting to know a little bit more about my fellow attendees and made it easier for me to make a short pitch about joining the AGA. A non-technical highlight was the food. While the food may not have been as elaborately presented as in Tacoma, it was respectable and probably prepared by leading edge culinary students. I should mention that some of my Everett colleagues were disappointed in the lack of choice in attending concurrent sessions, but more about that later.

One of the traditional highlights of the Conference is the opportunity to listen to the nattily dressed, bow-tied Mr. David Beam discussed updates and other information produced by the Government Accounting Standards Board. While I must confess Mr. Beam's

### Silver Recognition

The AGA Seattle Chapter has achieved Silver status and will receive the Silver Chapter Designation for the 2010-2011 program year. This recognition is presented to a chapter that attains between 14,501 and 17, 000 credits for the program year in areas such as chapter leadership, education and professional development, communication, and community service. Thanks to all of the Board and Chapter members who contributed to our success this past year and to our outgoing Chapter President, Rick Osborn, for guiding our efforts throughout the year.

topic is not something that I consider central to my core being, it is enjoyable hearing a person with a true passion for his topic go on and on. In this case the discussion covered Statements 59 through 62 and other suggested reporting approaches for about 3 hours. Of course, having loaded up with coffee and sugar-heavy pastries (compliments of the Conference) helped me remain alert to catch discussions that appeared on the television monitors as striking Mr. Beam as positively titillating, such as the discussion of Slide No. 60, which read in part:

“Changes in the total pension liability resulting from differences between expected and actual experience with regard to economic or demographic factors or changes of assumptions about the expected future behavior of economic and demographic factors should be recognized as deferred inflows or deferred outflows and recognized as expense over a period representative of employees' expected remaining service lives.”

As hard as it must be to follow an act like Mr. Beam's, David Zavatsky of the Washington State Office of Financial Management also did an excellent job of presenting the issue of the auditor's role in Enterprise Risk Management, including discussions of approaches such as meeting ISO standards and the

*(Continued on page 4)*

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benefits to client agencies in having a rigorous review.

Health Care Reform was discussed by Chris Rivard of Moss Adams. Mr. Rivard's discussion of the challenges facing our nation and individuals was in-depth and enlightening.

Tiffany Couch, of the Acuity Group LLC, wrapped up the first day with a discussion of current trends in fraud causes, detection, loss estimation, and prevention techniques. Ms. Couch's presentation was well worth listening to by anyone who is in a position of safeguarding assets or evaluating agency controls.

The second day began with Mary Foelser of the AICPA providing a Governmental Auditing Update. Ms. Foelser squeezed into her allotted two hours changes to auditing standards on such matters as Compliance Auditing, Supplemental Information that now needs to be provided, government accounting requirements, particularly as they apply to statistical sampling, and expected changes to GAO's Yellow Book.

A presentation on Performance Audit Frameworks used by The Washington State Auditor's Office followed and complemented Ms. Foelser's presentation. Barbara Hinton, WSAO Deputy Director for Performance Audit spoke on the GAO standards and how those standards are applied in her agency. Ms. Foelser also discussed and demonstrated a WSAO developed matrix that is used to evaluate risk factors for selection of audit candidates and techniques for use in a review.

The afternoon of the second day consisted of concurrent sessions for our friends attending the Conference in Tacoma. In Everett and Spokane, "concurrent" may not be the best descriptor, since only one option for each time period was offered. Some in the Everett crowd suggested the other current session be shown in an adjoining room. The class monitor made notes and perhaps if the cost/benefit works out, that may be doable in the future. For now, the 34 or so Everett participants and our like-situated Spokane attendees were limited to the programs that appeared to be more technical in nature. For maximizing Continuing Professional Education, that would seem to be a good choice. The afternoon programs that were offered to the remote sites did provide valuable information.

The first program was Indirect Cost Rates and Cost Allocation Plans (not an option: The State of the State Economy-which probably would be depressing anyway). Cost Rates and Allocation was presented by Chris Cortines, Washington State Auditor's Office, and Vincent Stevens of Clark Nuber PS. Chris and Vincent discussed Federal and State requirements and gave examples of audit findings and corrective actions.

The final session provided to the remote sites was Using Risk Assessments to Develop Work Plans and Audits presented by Lori Pilcher, Assistant Inspector General for Grants at Health and Human Services, Office of Inspector General. Ms. Pilcher shared various matrices used by her agency to identify and react to internal control weaknesses and other audit indicators.

Tim Dobler, 2011-2012 Chapter President-Elect

### Meet Our New Webmaster

My name is Issa Ndiaye. I was born and raised in Senegal (West Africa). I am from a family of five comprised of four boys and one girl. I graduated from Cheikh Anta Diop University, Dakar, with a BS in Accounting and a minor in Mathematics.

I came to the U.S. 10 years ago to continue my education and received respectively an AS degree from North Seattle Community College and a BS degree in Economics from the University of Puget Sound.

I play soccer on my free time, cook spicy/delicious African food, tutor Math in my local community, and learn new IT tricks from my brother who's a Network Engineer. I love martial arts. In 1992, I received a black belt in Karate and in 1998 worked with the Special Forces (Senegal) as a martial arts instructor.

My upbringing has enabled me to get along well with people regardless of their background, mood, beliefs and state of mind.

Issa Ndiaye

The new AGA Seattle Chapter Board is planning our monthly educational events for the upcoming 2011-2012 program year. Below is the proposed schedule for these meetings, which is subject to change. Details will be forthcoming via e-mail and in our fall newsletter.

Monday, **September** 19, 2011 – Columbia Tower Club

Monday, **October** 17, 2011 – GAO 28th Floor Training Room

Monday, **November** 14, 2011 – GAO 28th Floor Training Room

Monday, **December** 12, 2011 – Columbia Tower Club – 2011 Tax Update and Toy Drive

Monday, **January** 23, 2012 – GAO 28th Floor Training Room – Emerald Award and Food Drive

Monday, **February** 27, 2012 – GAO 28th Floor Training Room

Monday, **March** 26, 2012 – GAO 28th Floor Training Room

No luncheon meeting in **April** due to our annual 2-day conference scheduled for Thursday and Friday, April 19-20, 2012

Monday, **May** 14, 2012 – Columbia Tower Club

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### **May Luncheon Wrap-Up—“Beyond Frequencies: Using Survey Data to Support Evaluative Findings”**

In May, we held our final luncheon of the 2010-2011 program year. Michael Krafve, a senior analyst at the U.S. Government Accountability Office, provided valuable advice when using survey data to support evaluative findings. Mr. Krafve noted that it was crucial to think during survey planning about how you plan to use the survey results.

In the context of two of his previous engagements—U.S. FISH AND WILDLIFE SERVICE: Additional Flexibility Needed to Deal with Farmlands Received from USDA and WILDLIFE REFUGES: Changes in Funding, Staffing, and Other Factors Create Concerns about Future Sustainability—Mr. Krafve advocated for structuring surveys using a correlational approach versus a judgmental approach. In a correlational approach, you ask survey respondents about causes and conditions separately and then you assess the correlation, whereas in a judgmental approach you would ask survey respondents to judge whether the condition was caused by the expected cause. His

teams decided to use the correlational approach because their pretest respondents had a difficult time answering judgmental questions, the team had a hard time validating the responses, and the results, when summarized, did not provide for a meaningful interpretation.

To use a correlational approach, he suggested that you follow the scientific method: 1) develop hypotheses through fieldwork and observations about potential causes of the condition being tested, 2) collect data by designing and conducting a survey that touches on both causes and conditions, 3) test hypotheses by performing statistical analyses on the survey data obtained, and then 4) draw conclusions by triangulating the statistical analysis with other evidence and ruling out other plausible explanations. As with every methodology, he noted that the correlational approach has certain advantages and disadvantages, but that it seemed to work best for his team.

Jessica Gray, Early Careers Chair

### Balance Sheet as of May 31, 2011

Checking	\$1,238.37
Savings	\$2,623.56
6 Month CD	\$1,271.20
12 Month CD	\$3,284.39
<b>Total Assets</b>	<b>\$8,417.52</b>
Liabilities (Pre-Paid Lunches)	\$285.98
Members' Equity	\$8,131.54
<b>Liabilities + Members' Equity</b>	<b>\$8,417.52</b>

### 2010-2011 Chapter Recognition Program

Section	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr <sup>a</sup>
Chapter Leadership	950	250	250	800
Education & Professional Development	250	300	1,050	2,725
Certification	175	225	225	175
Communication	645	1,012	866	825
Membership	25	25	25	25
Early Careers	0	0	0	0
Community Service	0	425	625	0
Awards	0	0	200	400
<b>Total</b>	<b>2,045</b>	<b>2,237</b>	<b>3,241</b>	<b>4,950</b>

#### Recognition Levels:

A **Bronze Chapter Designation** will be presented to any chapter that attains between 10,000 and 14,500 credits for the year. The chapter president's plaque will include recognition that the chapter has achieved Bronze status.

A **Silver Chapter Designation** will be presented to any chapter that attains between 14,501 and 17,000 credits for the year. The chapter president's plaque will include recognition that the chapter has achieved Silver status.

A **Gold Chapter Designation** will be presented to any chapter that attains between 17,001 and 19,500 credits for the year. The chapter president's plaque will include recognition that the chapter has achieved Gold status.

The **Platinum Chapter Designation** will be presented to any chapter that attains between 19,501 and 22,000 credits for the year. The chapter president's plaque will include recognition that the chapter has achieved Platinum status.

<sup>a</sup> 4th quarter figures are as of May 10, 2011, and do not include additional membership points awarded by the National Office, since that time.



## The Sounder

WE'RE ON THE WEB:

[WWW.AGASEATTLE.ORG](http://WWW.AGASEATTLE.ORG)

AGA serves government accountability professionals by providing quality education, fostering professional development and certification, and supporting standards and research to advance government accountability.

The purpose of the Association and the Chapter is to be an international, professional organization dedicated to the advancement of government financial management. The Association shall serve its members by providing or sponsoring appropriate educational programs, encouraging professional development, influencing governmental financial management policies and practices, and serving as an advocate for the profession. The Association shall serve government officials and the public by sponsoring efforts to ensure full and fair accountability for all public monies, and by providing a variety of pro bono services throughout the United States and its territories that support that end.

## AGA Seattle Chapter 2010-2011 Board Members

### President and Community Service Chair

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### President-Elect and Membership Chair

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### Research Chair

Vacant

### CGFM Chair

Vacant

### Treasurer, Education Chair, & Meeting Coordinator

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### Secretary & Newsletter Editor

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### Early Careers Chair

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*This newsletter was produced by board member Karyn Angulo with the assistance of Michael Angulo. Thanks also to board members who contributed articles for this issue and to our outgoing webmaster, Gerald Illies (HHS OIG), and our incoming webmaster, Issa Ndiaye (VA OIG), for maintaining our chapter website. Photo on p.1 by Ryan Healy.*