



The Baltimore Ledger



December 2006

www.aga-balt.com

Baltimore Chapter

December Luncheon Information

Joint Meeting with ISACA – IT Update

When:

Thursday, December 14, 2006

11:30 - 12:00 pm Registration/Networking
12:00 - 1:00 pm Buffet Lunch
1:00 - 4:00 pm Presentation

Where:

Snyder's Willow Grove Restaurant
841 N. Hammonds Ferry Road
Exit 8 off 695 Beltway
www.snyderswillowgrove.com

Price:

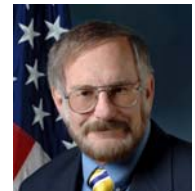
\$30 AGA Members
\$50 Non-Members

Contact:

410-965-9716 (leave a message) or email
agabaltimore@yahoo.com by December 8th.

This training is worth **3 CPEs**.

President's Message



We have come to the end of yet another fiscal year of government financial management, accounting and reporting activities. And, as the end of the calendar year approaches, we have much to reflect upon and be thankful for. This fall we sponsored some outstanding chapter training sessions, with the most recent presentations made by SSA's Inspector General Patrick O'Carroll on Social Security Number Protection and Walt Fennell of PricewaterhouseCoopers on Internal Controls. Both presentations should make us more mindful about assessing our risk and protecting our personal information as we participate in banking and commerce during the holiday season. Along these lines, this month's Baltimore Chapter training will be on Information Technology (IT) related topics, including IT security issues. We hope that you can attend.

For those of us in the Federal sector, we can expect a change in emphasis on Congressional oversight as a result of the U.S. mid-term election results. We look forward to working with the new Congress over the next two years. For those in State and local government, to the extent that new individuals are in positions of oversight, your workloads may be impacted as well.

We expect to make 2007 as successful as 2006. Among other events, we plan to have Early Careers training, the Annual Fraud Conference, and the student scholarship awards presentations. We welcome your participation.

Finally, we invite you to attend our January 2007 training session on the 2006 GAO Yellowbook revisions to learn more about these changes. The revisions add clarity and emphasis on the ethical responsibilities of government auditors to uphold and protect the public trust.

We wish you a healthy and joyful holiday season and a prosperous New Year. Remember to count your many blessings and may you be a blessing to everyone whose path you cross.

Happy Holidays. ❖

HIGHLIGHTS IN THIS ISSUE

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December Speaker Bios

Terry Carnahan – Mr. Carnahan is the Managing Director for KPMG LLP's Federal Internal Audit Services practice in the Washington, DC office. He is responsible for and involved in assignments focusing on risk-based audit methodologies and audits of Federal, State and local government including multiple agencies as well as various corporations. The Federal IAS practice includes all projects and involvement with OMB Circular A-123. Mr. Carnahan also participated in the development of KPMG's risk based methodologies and serves as a national instructor for the methodology training programs.

His background includes an in depth understanding of the business and technology requirements for governmental programs and operations and inter-dependencies required for the programs and operations to function effectively and efficiently, which Mr. Carnahan effectively communicates internally and externally. Mr. Carnahan has a comprehensive background in providing and delivering audit services on virtually every level of government and includes virtually all types of programs and operations.

Prior to joining KPMG, Mr. Carnahan worked for the District of Columbia Government for five years as a change agent to help restore the financial independence of the District while improving the efficiency and effectiveness of the state, county and local level programs under the auspices of the District of Columbia. Previous to the District, Mr. Carnahan was with the U. S. General Accounting Office for over 20 years where he directed and managed risk-based audits of government programs and operations on various levels, including the first comprehensive financial audits of the U. S. Air Force and then the U.S. Army.

Gary Austin – Mr. Austin is an accomplished Information Technology professional with more than 25 years of work experience. He is a KPMG Practice Leader in performing federal agency IT risk assessments and process maturity based improvement initiatives related to IT Strategic Planning and governance, Enterprise Architecture, Applications Management, and IT Service Delivery and Support Processes. Also, Gary is an internationally recognized subject matter expert by the IT Governance Institute in the development of COBIT version 4 publication and other recent COBIT publications including how to apply ITIL requirements to COBIT defined IT gap assessments and target process improvement initiatives.

Mr. Austin also leads major security audit reviews initiatives for federal agency clients. He is a published author in developing a maturity model based framework for IT audit capability development and a major contributor as a subject matter expert in development of the common body of knowledge for an IT security management certification. Mr. Austin is also and renowned as a national instructor for IT audit certification that addresses IT governance, management and security issues.

Phillip Moore – Mr. Moore is a manager in KPMG's Federal Practice, specializing in IT audit and advisory services. Mr. Moore possesses over 7 years of financial and IT experience. He has experience in managing projects around Federal Financial Management Improvement Act (FFMIA), audit readiness assessments, Federal Information Systems Audit and Control (FISCAM) audits and assessments, and general and application controls testing around Clinger/Cohen Act Compliance. ❖

December Training Agenda

- | | |
|-------------|--|
| 1:00-1:50pm | Information Systems Governance
Gary Austin, Senior Manager, KPMG Federal Advisory Practice |
| 1:50-2:00pm | Break |
| 2:00-2:50pm | A-123 Lessons Learned
Terry Carnahan, Managing Director, KPMG Federal Advisory Practice |
| 2:50-3:00pm | Break |
| 3:00-4:00pm | IT Security Issues Update in the Federal Environment
Phillip Moore, Senior Manager, KPMG Federal Advisory Practice |



November Board Minutes

A board meeting of the Baltimore Chapter of the Association of Government Accountants was held at the Social Security Administration on Wednesday, November 1, 2006. There were 12 board members in attendance, and three participating via telephone. The meeting was called to order at 2:00 p.m. by Steve Schaeffer, the presiding officer.

Mr. Schaeffer asked for a motion to accept the meeting minutes from the October 4, 2006 meeting submitted by the secretary, Deborah Kinsey. The motion carried.

We discussed the budget for the Awards Committee. Paul Geraty's company, KPMG, will fund the two \$500 scholarships for 2-year school students. There are other items included in the budget that may not be needed, such as plaques and pins for 20 and 30 year members. The Membership Committee will provide the number of 20 and 30 year members in our chapter to get a better budget estimate.

Upcoming training sessions were discussed. The committee continues to work on speakers for the fraud conference. In addition, Paul stated that KPMG will fund an upcoming audio conference. The potential dates are:

- December 6 – Procurement cards
- February 28 – Internal controls
- March 28 – Procurement fraud
- May 9 – Ethics

JoAnn agreed to email the dates to the board members for a vote.

The Awards committee provided a copy of the scholarship application and the board considered several requirements. The majority felt it would be better to include weighting factors for each category (ie.: GPA, community service, etc). The committee will send out an email with the suggested weighting factors for the board members to consider.

The Certified Government Financial Manager (CGFM) committee sent out study group information. The committee is also trying to gauge overall interest in the CGFM designation.

The Community Service committee reported that the Halloween Party at the Catonsville Library was very successful. 144 guests attended the party.

The Early Careers committee will submit 3 to 4 articles concerning early careers related topics or activities for the newsletter. The committee also requested give-away items and extra newsletters for the University of Baltimore's Career Fair on November 15. The committee has confirmed two speakers for the Early Careers training session.

The job shadowing day on February 2, 2007 was also discussed. The Early Careers committee is coordinating with five local high schools. Since this is the first year, the board decided it would be best to limit participation to one student from each school. AGA board members and chapter members will be encouraged to participate. The students are expected to be with us from about 9 a.m. to 3 p.m.

The meeting adjourned at 3:00 p.m. ❖

AGA 2006-2007 Upcoming Training Schedule

DATE	TOPIC	CPEs
January 17, 2007	Yellow Book Update	3
February 21, 2007	Joint Meeting with IIA – Forensic Investigations in Governmental Agencies	3
March 15, 2007	Early Careers Focus – Career Development	2
April 5, 2007	Fraud Conference	7
May 17, 2007	Awards Luncheon	1
TBD	Board of Directors Luncheon	--

November Training Recap

On Thursday, November 16, 2006, the Baltimore Chapter held its third training session of the year. The session started with a presentation by SSA's Inspector General Pat O'Carroll. Mr. O'Carroll's presentation focused on identity theft, a crime that has grown at an alarming rate over the last several years. The presentation covered the background of Social Security Numbers (SSNs) and explained the shift of the SSN's use since its inception. Although the SSN was never meant to be a personal identifier, the Federal government rapidly expanded its usage over the decades.

Criminals are illegally using (sometimes forging or stealing) other individual's SSNs to create new identities to seek employment, make financial transactions, and even avoid jail time, among other things. In the last decade, Congress has recognized the threat that identity theft poses and has enacted several laws to try and combat it. A primary concern in today's world is that identity theft is being used by terrorists. The Office of the Inspector General is working with Federal, state, and local law enforcement agencies to catch those suspected of committing identity theft. Mr. O'Carroll stressed the importance of safeguarding our SSN's by only giving our number to agencies that truly need to have that information.

The second speaker was Walt Fennell, a partner working in the Washington Federal Practice of PricewaterhouseCoopers. Mr. Fennell's presentation

focused on the Committee of Sponsoring Organizations (COSO) framework. Mr. Fennell discussed the creation of COSO and how internal controls became a prominent issue in accounting after the scandals at WorldCom and Enron. Mr. Fennell then gave the COSO definition of internal controls, which is a defined process, effected by an entity's board of directors, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations; reliability of financial reporting and compliance with applicable laws and regulations

Following the explanation of internal controls, Mr. Fennell discussed the five components of the COSO framework and their key principles. The five components are monitoring, information and communication, control environment, risk assessment, and control activities. He then proceeded to explain the limitations of internal controls. Internal controls can be affected by poor judgment, collusion between individuals, management override, and all internal controls are subject to a possible breakdown.

Mr. Fennell wrapped up his presentation by discussing how organizations can use the COSO framework. He explained that each organization can use the framework to objectively assess operations, financial reporting, and compliance.❖



Baltimore Chapter President Steve Schaeffer with speaker Walt Fennel



Speaker Pat O'Carroll with Baltimore Chapter President Steve Schaeffer



Baltimore Chapter Members Joanne Gasparini, Deborah Kinsey and Grace Chi

Member Profile



This month's member profile features an Early Career member, Garima Khanna. Garima is a Financial Management Analyst for the Office of Financial Policy and Operations, (OFPO), Office of Finance (OF), Division of Central Accounting and Reporting (DCAR). On June 26, 2006, Garima was employed full-time after working in OF for several years as a student. She is currently working in the Treasury Reporting and Payroll Team where she is responsible for Cash reconciliations, payroll related functions and various reports.

Prior to joining SSA, Garima was employed with Main Street Financial Planning. Her duties there involved conducting portfolio analysis and creating mini financial plans, budgets and financial statements for clients.

Garima holds an Accounting degree from Towson University. She was born in India and moved to the U.S. in 1990 when she was 5 years old. She now resides in Baltimore, Maryland with her parents, grandparents and her old English Sheep dog, Sasha.

Garima joined AGA to keep abreast of new and changing trends in the professional environment. She also sees it as a great opportunity to network with people from different areas and departments. ❖

Member News

Congratulations to **Allison Baugher** on the birth of her son, Emmitt, born on November 3rd. Best wishes, Allison! ❖

Congratulations to **Paul Webster** and **Jean Adkins-Blasey** of SSA. Paul received a Deputy Commissioner's Citation for his efforts in ensuring expenditures related to Hurricane Katrina and Medicare Modernization Act were recorded timely and accurately in SSA's accounting records. Jean received an Associate Commissioner's Citation for her outstanding performance in managing the Regional Medical Consultants and FedEx workloads. ❖

Scenes from the Annual Children's Halloween Party

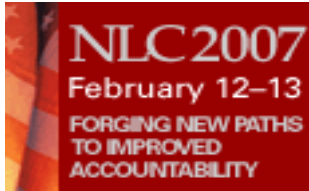
For over 11 years, the Baltimore Chapter of the AGA has participated in the Children's Halloween Party, along with several volunteers from the Catonsville Men's Civic Association. This year's party was held at the Baltimore County Public Library in Catonsville, MD on October 26, 2006. The Blue Sky Puppet Theatre provided the entertainment by performing a modern version of the Three Little Pigs and the Big Bad Wolf. Over 144 children and parents attended the event. All who attended had a very enjoyable time. The chapter also donated \$60 to the Friends of the Library to help defray the cost of the puppeteer. Below are some snapshots from the party. ❖



The Mark of Excellence in Government Financial Management

Become a **Certified Government Financial Manager**. Visit AGA's website at www.agacgfm.org to start on the pathway to CGFM certification.

AGA's 5th Annual National Leadership Conference



Join AGA February 12 – 13 in Washington, D.C. for the Fifth Annual National Leadership Conference. The conference, to be held at the Ronald Reagan Building and International Trade Center, is built around the theme, **Forging New Paths to Improved Accountability**. Learn practical skills to improve your agency, hear from the top opinion leaders in the accountability business, and exchange problem-solving ideas with colleagues from around the country. Visit the Exhibit Hall to see the latest tools to help governments at all levels perform efficiently. Interact with inspirational government leaders at several networking events. The conference website is up and running. [Visit the site for program and registration information.](#) ❖

Fund Balance Reporting and Governmental Fund-Type Definitions

In late October, the Governmental Accounting Standards Board released an invitation to comment (ITC) on issues related to fund balance reporting and governmental fund-type definitions. An ITC is a preliminary staff document that seeks input before GASB members have reached a consensus opinion. Rather than set forth a draft of proposed standards, an ITC describes the issues and offers alternative approaches to addressing them. This ITC deals with shortcomings in fund balance reporting that have diminished its usefulness to financial statement users. In particular, GASB has found that existing standards are not sufficiently clear, resulting in significant variations in how fund balance is reported. Some fund balance that should be unreserved is reported as reserved, and vice versa. The issues regarding fund balance are complicated further by differences in how governments report governmental funds and by the practice of temporarily transferring resources out of the general fund without an intention to use them for the purpose of the fund to which they are transferred.

However, even if the standards were applied precisely, it appears that fund balance may not give users the decision-useful information they need.

The ITC takes a two-pronged approach to resolving the issues affecting fund balance. First, it considers revisions to the definitions of governmental fund types in order to bring more consistency to the types of resources that are reported in various funds and the circumstances under which resources are transferred to them. Second, it discusses how the important aspects of fund balance can be organized and reported in the balance sheet in order to best address the information requirements of users.

The ITC can be downloaded free from GASB's Web site at www.gasb.org. The comment deadline is January 31, 2007. A public hearing will be conducted in New York City on February 2. ❖

This article was taken from the November 2006 issue of NASACT News at www.nasact.org.

Practice Guide on Accounting for Uncertain Tax Positions Under FIN 48

For years beginning after December 15, 2006, all GAAP-based financial statements must account for taxes in accordance with Financial Accounting Standard Board Interpretation Number (FIN) 48, *Accounting for Uncertain Tax Positions*, including a required analysis of all tax positions at the beginning of the period or, for calendar-year-end businesses, as of January 1, 2007. To help financial statement preparers, auditors, and tax advisers meet this new requirement, the Accounting Standards, Auditing and Attest Standards, and Tax Teams have developed a Practice Guide on Accounting for Uncertain Tax Positions Under FIN 48. Tax positions can only be recognized if they meet a "more-likely-than-not" threshold of being realized if challenged by a taxing authority with full knowledge of

the facts. If this level of certainty is not met, no tax benefit can be booked, and even if it is met, only the amount which has a greater than 50% chance of being sustained may be booked. Specific financial statement disclosures are required with respect to uncertain tax positions. The AICPA's 13-page practice guide includes highlights of FIN 48 and its implications for in-house accountants, auditors, and tax advisers. It is not authoritative, but intended to assist members in quickly understanding the requirements of FIN 48. The practice guide is available without charge to all AICPA members. ❖

This article was prepared by the AICPA Accounting Standards, Auditing and Attest Standards, and Tax Teams.

CGFM Corner

Take the CGFM Examinations before the NLC.

AGA is once again offering a great opportunity to take the CGFM Examinations and earn your CGFM before the annual National Leadership Conference (NLC) in Washington D.C. Whether you've been thinking about earning your CGFM or have enrolled but found it difficult to find time to complete the three exams, this is your chance to get it done!

To help you reach that goal, we are offering a two-day Intensive Review Course on Thursday, February 8, and Friday, February 9, 2007 and an opportunity to take CGFM Examinations on February 10-11, 2007. 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 CGFM 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.

If you have any questions, contact Katya Silver at 703-684-6931 ext. 305 or ksilver@agacgfm.org. For detailed information on this event, log onto the AGA website at:

http://www.agacgfm.org/nlc_2007/cgfm_exam.htm. ❖

Fostering A Facebook For the Feds

 By Stephen Barr, The Washington Post

MySpace. Friendster. Facebook. YoungFeds? A nonprofit public service group launched YoungFeds.org -- featuring blogs, message boards, video clips and, yes, some old-fashioned career advice. "The goal is to get people in the young feds community to provide content or give direction to the content," *David Roberts*, 26, a leader and organizer of the online clubhouse. Roberts and other organizers hope the Web site will connect under-35 professionals across government and, with the help of a little buzz, grow into an online networking place for the federal sector.

The organizers of YoungFeds envision the site becoming a destination for young government workers where they, not the organizers, will create a sense of community. Over time, organizers hope the YoungFeds site will permit users to set up blogs, create profiles, link to friends, search out other young employees in their agency, and post events on a calendar so that users can meet one another in person at breakfast forums and evening receptions.

Roberts is a staff member at the nonprofit Council for Excellence in Government, which is sponsoring the YoungFeds project in partnership with Geico, the insurance company. The project is being guided by a group of some 35 young people, in and out of government, called "35 Under 35," or "35<35." *Antony DiGiovanni*, 34, is part of the steering group, and he has written what the Web site calls an "UnCommentary" about working on temporary assignment at a Capitol Hill subcommittee as a "detailee" from his agency, the Energy Department. It's called "The Devil Shouldn't Be in the Details."

About 20 percent of federal employees are 35 or younger, and many work in offices where up to 60 percent of the staff will be eligible to retire in the next 10 years. When DiGiovanni joined Energy in 2000, he said, "I got the sense that young people feel isolated in the federal government." A Web site for younger employees, he said, could be "a promising way to help people find each other."

In addition to "UnCommentary," the YoungFeds site will feature "ProFile," accounts of young people who are making a mark in government; "Sound Bytes," featuring user-produced podcasts, webcasts and YouTube videos; and "Brand U," a summary of a hot topic in government and what a young person would need to do to take advantage of the trend. Like many other Web sites, YoungFeds will gather feedback for a poll, called "The Gauge," to see what, for example, viewers think of new pay-for-performance rules, their office's Friday casual dress code and food in government cafeterias.

More serious offerings will include "Big League Advice" from current or former federal officials on how they climbed the ladder to success, and "Working Points," a sort of been-there-done-that column that steers young employees to data and practices that they might find useful in their professional lives.

DiGiovanni said he plans to send e-mails informing colleagues of the YoungFeds launch in hopes of creating some buzz about the project. "It could be more than just a Web site, and bring people together for sharing ideas," he said. ❖

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To all of the members who submit articles for the monthly Newsletter, we say Thank you! For **January**, please make any submissions by **December 22, 2006** by contacting the Editorial Committee. ❖

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