



# GOVERNMENT E-NEWS

E-NEWSLETTER FOR AICPA MEMBERS IN GOVERNMENT

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## DEAR MEMBERS

As this is the first issue of Government E-News for 2008, please allow me to be among the last people to wish each of you a safe and productive Happy New Year and the first to introduce you to a new face -- mine!

My name is Chris McKittrick and I am the Director of the Business, Industry and Government team. In this role I have responsibility for ensuring that the needs of members practicing in Business, Industry and Government (BIG) are addressed. I joined the AICPA in August following a varied career that began in public accounting and spanned 30 years, 3 states and responsibilities ranging from internal audit to CFO.

My first five months here at the AICPA have been both challenging and exciting. The challenge has been to get up to speed on the diversity, needs and desires of our BIG members and to understand more about the myriad of resources and opportunities that the AICPA has available for us. The excitement has come from meeting many new people including many members like you not to mention the many fine people who are team members with me here at the Institute. I look forward to working for you and with you to advance our profession.

My first opportunity to work directly with government members is rapidly approaching. The Government Performance and Accountability Committee (GPAC) will meet in Durham in March for the first of its two meetings each year. I look forward to meeting the GPAC members. The committee will continue to focus on human capital issues in the government accounting community such as recruiting CPAs for government service to help combat the expected brain drain in the next few years and on improving the information available to government members. The committee is working on the finishing touches for a presentation to accompany the existing Government Recruitment Video. It also has plans to improve the government accounting content on the AICPA Financial Management Center website.

If you are interested now would be a great time to volunteer to get involved in GPAC. For more information on volunteering see the [story](#) below.

It is not too early to start thinking about The Outstanding CPA in Government Award which recognizes CPAs who have contributed to both effective government accounting and to the profession. This year, as in previous years, a separate award will be given for each level of government – local, state and federal. So if you know an outstanding CPA working in government now is the time to make sure he or she receives the recognition they deserve. For more information on the award and the nomination process see the [story](#) below or visit the [Outstanding CPA in Government](#)

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As we move forward in 2008, I am looking forward to connecting more and more with you to identify how we can help support you. Our goal is to provide you with innovative programs, valuable information and other membership benefits that will help you continue to be successful in your career and to help you advance your organizations.

In the meantime, please do not hesitate to contact me directly at [cmckittrick@aicpa.org](mailto:cmckittrick@aicpa.org) if you have any questions, comments, thoughts or ideas as to how we can help you.

Best regards,



Christopher T. McKittrick, MBA, CPA  
Director of Members in Business, Industry and Government.

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## TOP STORIES

### **Applications being Accepted for 2008/2009 Government Performance and Accountability (GPAC) Committee Openings**

Applications are currently being accepted for the GPAC Committee for the 2008/2009 committee year. The cutoff date for applying for the committee is May 15, 2008. The AICPA GPAC represents CPAs working in all levels of federal, state and local government. It also serves the public who depend on CPAs to help ensure government accountability. The mission of the GPAC is to

1. promote greater government accountability and the integrity of government operations, information and information systems,
2. promote and encourage increased participation and involvement by CPAs in government in the AICPA,
3. enhance the professional image and value of CPAs in government,
4. provide advice and counsel to the Institute on the needs of CPAs in government,
5. serve as a conduit for communications among CPAs in government, the AICPA and other professional organizations.

In addition to members from local, state and federal government (from the auditor and preparer communities) the committee includes representatives from academia and a public accounting firm serving government clients. A particular challenge for us each year is attracting members from local government, so we really would like to hear from local government CPAs to keep an appropriate balance on the committee. Committee service is a great way to grow as a professional, learn from government colleagues from throughout the country, and to give something back to the profession – Oh yeah, we have fun too! For more information on volunteering on AICPA committees please visit [AICPA Volunteer Central](#).

### **NC State Enterprise Risk Management Survey**

The NC State Enterprise Risk Management (ERM) Initiative is engaged in a research project that is examining the extent to which ERM practices have been adopted by state and local governmental units. The ERM Initiative invites interested state and local government officials with risk management responsibilities to participate in a web-based survey designed to elicit their progress to date in movement towards "enterprise-wide" risk management efforts. To participate, please visit the NC State ERM Initiative website ([www.erm.ncsu.edu](http://www.erm.ncsu.edu)) and click on the appropriate survey

link (state or local government). Participants are given the opportunity at the end of the survey to request a copy of the final research results

## **GAO's Call for Stewardship: Tools for 21st Century Challenges**

by *Maxine Hattery*

GAO has developed a set of tools and process improvements to help Congress and the executive branch in the difficult discussions and decisions needed to meet the long-term challenges for the country's economic growth, standard of living, and national security. To meet the needs of this and future generations, Comptroller General David M. Walker says in his introduction to the publication, "a top-to-bottom review of federal programs and policies is essential." This latest in a series of related GAO publications establishes an approach to such a review.

The tools and process improvements in [\*A Call for Stewardship: Enhancing the Federal Government's Ability to Address Key Fiscal and Other 21st Century Challenges\*](#) provide the means to address issues raised in GAO's previously issued *21st Century Challenges: Reexamining the Base of the Federal Government*. Issued in December 2007, *A Call for Stewardship* draws on GAO reports, testimony, other products, and Mr. Walker's speeches and presentations. It is intended to help policymakers (1) reach consensus on the outcomes Americans most want their government to achieve, (2) increase transparency and accountability, (3) better prioritize competing demands, (4) make more-informed decisions, and (5) modernize federal operations and management. *A Call for Stewardship* sets forth an approach to meeting fiscal challenges that uses the following tools and processes.

1. **Key national indicators:** a system of key national outcome-based indicators to help to set objectives, measure progress, assess conditions and trends, and communicate more effectively.
2. **Government-wide strategic plan:** for clearly defining the outcomes we want our government to achieve and strategies and transformation our government will need to undertake to achieve those outcomes.
3. **Commission to address long-term fiscal challenge:** to educate the public and develop a specific legislative proposal for a "down payment" on narrowing the growing gap between expected federal revenues and spending.
4. **Integrated solutions in Congress:** for congressional oversight of the evolving governance framework.
5. **Mechanisms for partnerships across federal agencies, levels of government, and sectors:** to meet such cross-cutting national challenges as homeland security, natural disasters and pandemics, and federal oversight of such areas as food safety.
6. **Executive branch financial and budget reporting:** to meet the long-term challenges of mounting unfunded obligations for social insurance and other mandatory spending programs.
7. **Government-wide Performance and Accountability Report:** to realize the full benefit of long-term strategic and annual performance goals.
8. **Strategic management plan for the executive branch:** to focus on long-term goals and strategies to overcome the significant management obstacles that stand in the way of progress.
9. **Chief operating officers or chief management officers in key agencies:** leadership to provide the continuing, focused attention essential to completing multiyear transformations.
10. **Revisions to the presidential appointment process:** which could include categorizing appointees by the differences in their roles and responsibilities.
11. **Enhanced government-wide acquisition and contracting capability:** a concentrated effort to address existing problems and a reexamination of the rules and regulations that cover the government-contractor relationship.
12. **Modernized federal government human capital models:** transformation in how the federal government classifies, compensates, develops, and motivates its employees to achieve maximum results within available resources and existing authorities.
13. **GAO's High-Risk List:** to help in setting congressional oversight agendas, a tool that is already in use and has been updated at the start of each new Congress since the early 1990s, listing government programs and operations that present major challenges impeding effective government and costing billions of dollars each year.

## **Audit of the Federal Government's Fiscal Year 2007 Consolidated Financial Statements**

by *Maxine Hattery*

For fiscal year 2007, the second year that the Statement of Social Insurance has been presented as a basic financial statement of the U.S. government, GAO was able to render an unqualified opinion on the statement—a significant accomplishment for the federal government. The statement puts into dollars the challenge to the nation's fiscal sustainability which the Comptroller General and GAO publications, such as *A Call of Stewardship*, have been calling to the attention of Congress and the public. The statement also projects scheduled benefits that exceed earmarked revenues by approximately \$41 trillion (on an open group basis) in present-value terms for the next 75-year period.

Considering this projected gap in social insurance, in addition to reported liabilities (e.g., debt held by the public and federal employees and veterans benefits payable) and other implicit commitments and contingencies that the federal government has pledged to support, the federal government's fiscal exposures totaled approximately \$53 trillion as of September 30, 2007, up more than \$2 trillion from September 30, 2006, and an increase of more than \$32 trillion from about \$20 trillion as of September 30, 2000. This translates into a current burden of about \$175,000 per American or approximately \$455,000 per American household, GAO reported.

The Secretary of the Treasury, in coordination with the Director of the Office of Management and Budget, is required annually to submit financial statements for the U.S. government to the President and the Congress. GAO is required to audit these statements. Published by the Treasury, the [FY 2007 Financial Report of the United States Government](#) includes GAO's report on the consolidated financial statements for the fiscal years ended September 30, 2007 and 2006, and the associated reports on internal control and compliance with significant laws and regulations.

*Ms. Hattery is a GAO communications analyst.*

## **Statement of Federal Financial Accounting Concepts 5**

In December 2007, the FASAB issued Concept Statement No. 5, *Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements*. The concept statements do not establish new financial accounting standards, but rather set forth objectives and fundamentals on which financial accounting and reporting standards will be based. To obtain a copy of the concept statement, visit [the FASAB website](#).

## **Financial Accounting Foundation (FAF) Issues Request for Public Comment**

A committee of the Board of Trustees of the FAF, the parent organization for the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB) has exposed for comment a series of recommendations designed to better position the FAF and the boards to become more effective and efficient in a changing environment. Among the recommendations in the exposure document are the following for GASB:

- Retaining the current size, term length, and composition of the GASB Board;
- Securing a stable funding source for the GASB;
- Providing the GASB Chairman with decision-making authority to set the GASB technical agenda.

[Click here](#) to view the proposal which provides more background and detail surrounding the recommendations, the recommendations for FAF and FASB and instructions on how to provide feedback on the proposal. Comments are due February 10th.

## **GASB Statement No. 52**

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. Prior to Statement No. 52, accounting standards required permanent and term endowments, including permanent funds, to report land and other real estate held as investments at historical cost. Other entities that exist for the purpose of generating income—such as pension plans—report them at fair value. Statement 52 eliminates the reporting inconsistency by requiring permanent and term endowments, including permanent funds, to report these assets at fair value. It also requires the changes in fair value to be reported as investment income and the methods and significant assumptions employed to determine fair value to be disclosed. Governments should also disclose other information that they currently present for other investments reported at fair value. Statement 52 is effective for

periods beginning after June 15, 2008, with earlier application encouraged. To order Statement No. 52, visit: [www.gasb.org](http://www.gasb.org).

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## AICPA UPDATES

### **Audit Committee Matching System Enhanced**

We are pleased to announce that the AICPA Audit Committee Matching System has recently been enhanced to include "Governmental Entities" as a classification for both registering and searching. The AICPA created the Audit Committee Matching System (ACMS) in response to the continued interest in strong corporate governance, and the need for public companies, privately-held companies, not-for-profit organizations, and governments to include people on their boards and audit committees that have expertise in financial matters. Registering with ACMS is a prime opportunity for you as an AICPA member to contribute your financial expertise, commitment to a Code of Ethics, and knowledge of business to an organization's governance efforts. Registration is included as part of your AICPA membership. [ACMS website](#).

**How to Register:** The first step in the [ACMS](#) is for AICPA members to register and complete a form listing their background and qualifications as a candidate in the system. People that are looking to fill positions (referred to as "searchers") access the database of members by filling out the search selections built into ACMS. After identifying candidates, it is up to the searcher and the candidate to do the appropriate due diligence to determine if the match is appropriate. (See Terms and Conditions at the ACMS Web site.)

### **Outstanding CPA in Government Nominations**

Do you know a CPA who should be recognized as an Outstanding CPA in Government? Each year the AICPA presents the [Outstanding CPA in Government Awards](#) to members of the AICPA and/or state CPA societies employed in or recently retired from government who have distinguished themselves by having made a sustained and significant contribution to the increased efficiency and effectiveness of his or her government organization and to the growth and enhancement of the CPA profession. Three awards are given—one for local government, one for state government and one for federal government.

Nominations for the 2008 AICPA Outstanding CPA in Government Award(s) will be accepted beginning in mid-February. Nominations must be submitted by **May 15, 2008**. For more information on the award and submitting submit a nomination please visit the [Outstanding CPA in Government Awards](#) page. We hope to hear from you

### **AICPA Auditing and Accounting Hotline – Extended Hours**

Beginning January 14th, the Hotline hours will be expanded from 9-6 EST to 9-8 EST to better serve members on the west coast. Please also note that the Hotline has a new toll free number: (877) 242-7212.

### **Continuing Professional Education (CPE) Instructors Needed**

The AICPA is presently looking for instructors to teach governmental and not-for-profit CPE courses around the country on a part-time basis. Benefits include interaction with fellow practitioners, competitive pay, travel, and satisfaction in helping to lead the profession into the future. If you have at least ten years background in governmental or not-for-profit accounting or auditing and some experience in instructing CPE please forward your resume, a one or two paragraph biography, and detail of CPE teaching experience to Linda Hughes at [lhughes@aicpa.org](mailto:lhughes@aicpa.org) or you may reach her by phone at (214) 222-8261.

### **GAAC Conference Dates Set**

The dates for the 2008 National Governmental Accounting and Auditing Update Conferences East and West have been set! Agendas are being finalized and should be available soon. The GAAC Conference features interactive sessions for federal, state and local governments. Receive timely guidance along with practical advice on how to handle new legislation and standards from key government officials and representatives of the accounting profession – including the standard setters themselves.

Mark your calendars now for these “Don’t Miss” events for the government accounting community.

**[National Governmental Accounting and Auditing Update Conference \(GAAC\) EAST](#)**

Date: Aug 18 - Aug 19, 2008

Location: JW Marriott Hotel Pennsylvania Avenue

Washington, DC

Recommended CPE Credit: 17 (main), 8 (optional)

**[National Governmental Accounting and Auditing Update Conference \(GAAC\) WEST](#)**

Date: Sep 22 - Sep 23, 2008

Location: Hyatt Regency Tech Center

Denver, CO

Recommended CPE Credit: 17 (main), 8 (optional)