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Members in Government, April 1998

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Members in Government

April 1998

AICPA

Congress Nominates Four AICPA Members to Be the Next Comptroller General of the U.S.

The Congress has submitted seven names to the President for his consideration as nominee to head the General Accounting Office (GAO). Four of the seven are members of the AICPA. They are, in alphabetical order: Linda J. Blessing, director of the Arizona Department of Economic Security; John R. Miller, partner, KPMG Peat Marwick, LLP; W. Val Oveson, Utah Tax Commissioner; and David M. Walker, partner, Arthur Andersen, LLP.

The other three candidates are: Gene L.

Dodaro, director of the GAO's Accounting and Information Management Division; James F. Hinchman, the current acting Comptroller General; and Sean O'Keefe, professor at Syracuse University.

There were 20 active candidates interested in the Comptroller General's position. The Comptroller General is appointed for a 15-year term and cannot be reappointed. The GAO has been without a Comptroller General since Sept. 1996, when Charles A. Bowsher's term ended.



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Member Satisfaction Center Is the Place to Call

One of the AICPA's most significant initiatives to demonstrate a renewed focus on member service has resulted in creation of the Member Satisfaction Center. To prove the effectiveness of this new system, the launch of the Member Satisfaction Center is being phased in by member segment and members in government is among the first.

Once referred to as "one-stop shopping," Member Satisfaction consists of the former Order, Subscription, Membership Administration and Customer Service teams. With appropriate skill building, cross-training and new technology, these previously independent teams now can work as one to provide optimum member service—enabling most inquiries to be handled by a single staff person. The team handles member applications and record/address changes, conference registrations, subscriptions, and orders for publications, CPE, software and network licenses.

To contact the Member Satisfaction Center:

 888/777-7077

 800/362-5066

 memsat@aicpa.org

If you would like to provide comments regarding programs, products or service, you can leave a message in the Member Satisfaction Voice Mail Box (888/999-9252) which is checked daily and through which you may request follow-up or return calls.

Exposure Draft to Be Issued on Independence of Government Auditors

The question of whether members in government meet the independence requirements under the AICPA Code of Conduct when conducting audits in accordance with generally accepted auditing standards may be resolved soon.

The AICPA Professional Ethics Executive Committee will issue an exposure draft dated Apr. 15 proposing a revision of the current definition of the practice of public accounting to include, under certain cir-

cumstances specified in the exposure draft, AICPA members who are employed by federal, state and local governments. If the proposal is adopted, AICPA members affected would be considered to be in public practice and would be required to comply with Rule 101—Independence of the Code and its interpretations and rulings when performing engagements requiring independence and other Code rules that apply to AICPA members in public practice.

Copies of the exposure draft will be available after Apr. 15. Members can obtain a copy of the exposure draft (No. 800116CLC4) from the Member Satisfaction Center:

888/777-7077

www.aicpa.org

MIG Chair's Chat Room

By Beryl Davis, Chair
AICPA Members in Government Committee



Technological advances and competitive pressures, as well as rapidly changing legislative and regulatory environments, are having a profound effect on CPAs in government. As professionals, we need to constantly monitor such developments for their impact on our governments and the services that we provide to the public. The Members in Government (MIG) Committee focuses on

emerging government sector issues that require attention. The MIG Supplement to *The CPA Letter* is a way for the committee to communicate to you how it is working for you to address a wide variety of emerging issues and to help you enhance your professional development. Each supplement includes one or more articles on current issues of interest to our members. However, we could use your help. If you believe there are specific topics that would benefit our membership, please let us know. My fax number and e-mail address are listed below. We also ask you to provide the names of individuals with expertise in such areas who might be willing to prepare articles for the MIG supplement.

We want to share with you one new committee project that is a work-in-process. At the end of Jan., members of the MIG Committee and AICPA staff met with the Non-Profit/Government Section of the American Accounting Association. The meeting provided an excellent opportunity for

both sides to discuss the benefits of a possible collaborative project. As a result, we have formed a special task force of the committee and are using our virtual resource panel members to work on this new initiative.

Another project of the MIG Committee has been to develop, with the AICPA marketing team, a brochure that identifies the *8 Great Reasons Why a CPA in Government Should Join the AICPA*. The Institute's marketing team recently began distributing the brochures. If you would like to get copies of this brochure (No. 881123CLC4) for your government or state CPA society, please call the Member Satisfaction Center at 888/777-7077.

The AICPA is the largest professional association for CPAs and all CPAs should consider joining or maintaining membership. In addition to the AICPA's popular affinity programs, the Institute helps members to further their professional expertise through practice aids, continuing professional education, newsletters and other publications and the AICPA's Web site. You can browse the AICPA's Web site at www.aicpa.org, which also includes the MIG Committee's Strategic Plan at www.aicpa.org/belt/strtpln.htm.

There is also a new section of the site devoted specifically to Members in Government (see related article on page G3) www.aicpa.org/members/div/cpagov/index.htm.

The Members in Government Committee represents CPAs working at all levels of federal, state and local government. If you have suggestions for enhancing the services the Institute provides to its members, please contact me at:

Beryl H. Davis, Internal Audit Director

407/246-2878

bdavis@ci.orlando.fl.us

CFO Council/JFMIP Issue Managerial Cost Accounting Implementation Guide and System Requirements

by Frank W. Sullivan

The Chief Financial Officers Council (CFOC) and the Joint Financial Management Improvement Program (JFMIP) jointly published the Managerial Cost Accounting Implementation Guide, dated Feb. 1998. The purpose of the guide is to aid federal agencies in implementing the Statement of Federal Financial Accounting Standards (SFFAS) #4, which establishes the cost accounting standards for federal agencies. SFFAS #4 was promulgated by the Federal Accounting Standards Advisory Board (FASAB) and was issued by the Office of Management and Budget (OMB) and the General Accounting Office (GAO). It is effective for fiscal year 1998.

A work group consisting of representatives from 30 federal entities developed the Managerial Cost Accounting Implementation (MCAI) Guide, under the direction of the CFOC's Cost Accounting Committee. The guide addresses the following four implementation issues:

- Integration of cost accounting, budget and the Government Performance and Results Act (GPRA, or simply known as the Results Act);
- Accounting for full costs;
- Implementation of a managerial cost accounting process; and
- Reporting of managerial cost information.

The MCAI Guide is presented in two parts: Part I, titled "Recommendations on Cost Accounting Issues," addresses the principal cost accounting issues facing federal agencies and encompasses establishing a strategic management process; the relationship of cost accounting to financial accounting, with a focus on defining full cost; the steps to better align the budget structure with the agency's cost accounting; and internal and external reporting on costs.

Part II, "Tools and Techniques for Implementing a Managerial Cost Accounting Process," provides a "toolkit" for agencies to use in implementing a managerial cost accounting process. The toolkit includes guidance on selling and educating internal personnel on the need for cost

accounting; project management strategies; developing strategies for cost accounting implementation; conducting assessments of the current financial and organizational environments; guidance on costing methodologies and assignment of costs; and on building a managerial cost accounting process.

Appendices provide supporting informational data and exhibits, including actual case studies of agencies that have implemented cost accounting processes, cost accounting position descriptions, sample statements of work, user needs questionnaire(s), bibliography of costing literature, and listing of cost accounting software. The Glossary of Cost Accounting Terms is a key appendix important for ensuring that agencies speak the same language when discussing cost accounting issues.

The recognition of full cost is the focus of the costing model presented in the guide. The model provides the interrelationship of cost accounting information to various management decision-making situations and the organizational units, programs and outputs to which costs are assigned. The model identifies the cost components (differentiating funded and/or reimbursed costs from unfunded and/or non-reimbursed costs), types of cost information to use, the uses of cost information, and the level to which costs are assigned. In addition, it relates the uses of cost information to cost components defined in SFFAS #4.

Also introduced in the costing model is the concept of "relevant costs," which recognizes that full cost may not be applicable in some situations.

The Managerial Cost Accounting

Guide is available in electronic format on FinanceNet on the CFOC Cost Accounting Committee's Web site:



www.financenet.gov/financenet/fed/cfo/cfocost/cfocost.htm

The CFOC and the JFMIP also jointly published the Managerial Cost Accounting System Requirements (MACGR), dated Feb. 1998. This federal financial management system requirements document builds on and provides a means to implement requirements related to cost accounting set forth in the Chief Financial Officers Act, Government Performance and Results Act, Statements of Federal Financial Accounting Standards, OMB circulars and other sources.

The MACGR specifies information and functional processing requirements for accumulating and analyzing cost data consistent with governmentwide guidance. The requirements are intended to facilitate the acquisition, development and enhancement of systems that provide information useful in managing and controlling the cost of government.

The Managerial Cost Accounting System Requirements document is available in electronic format on FinanceNet on the JFMIP Web site at:



www.financenet.gov/financenet/fed/jfmip/jfmip.htm

Information or questions regarding the cost accounting guide can be directed to Frank W. Sullivan at 202/273-5504.

Frank W. Sullivan is the Chair of the CFO Council Cost Accounting Committee and the Deputy CFO of the Department of Veterans Affairs.

New Government Section of the AICPA Web Site Available

The mission of the AICPA's Government Member Segment Team is to serve members in government by enhancing their profile within the AICPA and to act as their advocate in assessing and recommending timely and relevant products and services that address their needs. To assist in accomplishing this goal, the team recently created a new section on the AICPA Web site devoted specifically to the needs of CPAs working in government. It allows you to find information you want quickly and easily. The section also includes links to other government-related sites.

The Government Segment Team would like to do more. If you have any suggestions for improvements, send an e-mail to cpagov@aicpa.org.

Robert Freeman Reappointed to GASB

Robert J. Freeman, distinguished professor of accounting at Texas Tech University, has been reappointed to the Government Accounting Standards Board for a two-year term.

Freeman has been a member of the

GASB since 1990. This reappointment will extend his service on GASB to 10 years, the maximum allowed under the Financial Accounting Foundation (FAF) by-laws.

Separately, Manuel H. Johnson, co-chair of Johnson-Smick International and chairman of the FAF, announced that Sam McCall, deputy auditor general of the State



of Florida and recipient of the 1997 AICPA Outstanding CPA in Government Award (see Oct. MIG Supplement) was named vice chair of GASB's Advisory Council. "Sam has been a member of the Advisory Council since 1997, and his dedication to that organization deserves this recognition," Johnson said.

FASAB Issues Two Exposure Drafts

Accounting for Social Insurance

On Feb. 20, the Federal Accounting Standards Advisory Board (FASAB) issued for public comment an exposure draft of a proposed Statement of Recommended Accounting Standards, *Accounting for Social Insurance*. The exposure draft proposes accounting standards for Social Security, Medicare, Railroad Retirement benefits, Black Lung benefits, and Unemployment Insurance, all of which are known as "social insurance programs." No other programs are covered.

The proposal is designed to help users assess the sustainability and financial condition of these programs as currently constructed. Although the programs are complex, the board has attempted to provide information that will be understandable to the general citizenry as well as to public policy makers.

The exposure draft has been mailed to FASAB's mailing list subscribers. Additionally, it is available on the Internet at FASAB's home page, www.financenet.gov/fasab.htm, and can be obtained by contacting FASAB at 202/512-7350 or via e-mail at

comesw.fasab@gao.gov.

Responses are requested by June 20. The board expects to hold hearings in July. The time and location will be announced in the *Federal Register* and *FASAB Newsletter*.

Amendments to Accounting for Property, Plant and Equipment

On Feb. 13, FASAB issued an exposure draft seeking comments on its proposed amendments to Statements of Federal Financial Accounting Standards Nos. 6 and 8 relating to property, plant and equipment (PP&E). The proposal would affect both recognition and measurement of general PP&E (for example, through changes to the definition of federal mission PP&E and to accounting for multi-use heritage assets) and stewardship reporting on federal mission PP&E. The board wishes to encourage comments

from a wide variety of users since the proposals would affect most agencies in some way and alter reporting for significant investments in PP&E used in national defense. The ED is available on FASAB's home page at the Internet address listed above. Users are encouraged to rely on the electronic version of the document; however, you may request a printed copy of the ED by contacting Marian Nicholson at 202/512-7350.



AAPC to Hold Forum on Property, Plant & Equipment

On Apr. 27 and 28, the Federal Accounting and Auditing Policy Committee (AAPC), in conjunction with the Office of the Chief Financial Officer of the U.S. Dept. of Agriculture, will hold a forum entitled Valuation and Other Selected Issues Relating to Property, Plant and Equipment. The forum is designed to assist federal agencies in identifying and dealing with the issues of accounting and reporting for the full costs of property, plant and equipment.

Topics to be covered include developing and maintaining a complete inventory, techniques for determining original cost, useful life considerations, capitalization thresholds, documentation and retention,

and cost/benefit considerations. Speakers include David Mosso, Chairman of the FASAB; Ed DeSeve, Director of Financial Management for the Office of Management and Budget; and Gene Dodaro, Director of the Accounting and Information Management Division of the General Accounting Office. There also will be several panel discussions featuring representatives of federal agencies and experts in the area of PP&E accounting.

The forum will be held at the USDA Jefferson Auditorium, 1400 Independence Avenue, SW, Washington, DC, on Apr. 27 from 12:30 to 5:00 p.m. and on Apr. 28 from 8:30 a.m. to 4:00 p.m.

For further information, contact Rick Wascak, 202/512-7363, or e-mail wascakr.fasab@gao.gov.

Upcoming Meeting Agendas

FASAB: The next meeting is scheduled for Apr. 16-17.

The agenda will cover management discussion and analysis, proposed credit reform amendments, internal use software, and natural resources.

AAPC: The next meeting of the Federal Accounting and Auditing Policy Committee is scheduled for Apr. 9, at 1:30, in room 4N30 of the General Accounting Office building, 441 G Street, NW, Washington, DC, 20548. The agenda will cover credit reform guidance and the discussion of new issues.