

AGA National Web Site  
[www.agacgfm.org](http://www.agacgfm.org)

### PROFESSIONAL DEVELOPMENT MEETING

December 16, 2009  
Wednesday

**Topic:** Latest Trend in  
Occupational Fraud

#### **Speaker:**

William (Billy) A. Morehead,  
Ph.D., CGFM, CPA

Time: 10:30 AM - 1:00 PM

2-hour CPE credit

#### Meeting Place:

Santa Clara Valley  
Transportation Authority  
(VTA), 3331 North  
First Street, San Jose,  
CA 95134

See page 10 to register

Visit –

[www.agasiliconvalley.org](http://www.agasiliconvalley.org)

## Latest Trend in Occupational Fraud



At this month's Professional Development Meeting, **William (Billy) A. Morehead, Ph.D., CGFM, CPA** will share his practical experience in auditing and academic research on internal controls and fraud through an Audio Conference. Billy has 24 years of government financial management experience in the state of Mississippi. He has been at Delta State University (DSU) in Cleveland, MS since the fall of 2000 and became the Chair of

Accountancy, Computer Information Systems, and Finance, and Assistant Professor of Accountancy in 2007. Billy has served DSU in other roles including Vice President for Finance and Administration and Interim Dean of the College of Business. Billy is currently the AGA National President.

In this audio conference, learn how financial management accountability professionals can gain a better understanding of the challenges facing organizations regarding the impact of fraud and corruption. You will gain a better understanding of the challenges facing organizations regarding the impact of fraud and corruption. This audio conference will cover the following topics:

- Latest statistics (including types, frequencies, perpetrators and victims) of occupational fraud and corruption
- Impact of fraud and corruption on the workplace and economy
- Impact of the economy on fraud and corruption
- Highlight several fraudulent activities perpetrated on governmental entities
- Trends in detection of fraud
- Impact of internal control systems on the prevention, detection and deterrence of fraud and corruption.

With the financial pressures many are facing in our country today, statistics show fraudulent activity in the workplace is on the rise. Combine the increased personal financial pressures with the fact many governmental entities are not filling vacant positions and are downsizing, a recipe for increased fraud exists. Fewer people are now doing more tasks throughout governmental entities, which are creating challenges in their internal control systems. Now, more than ever, government financial managers must be vigilant against fraud and corruption in the workplace.

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## CHAPTER EXECUTIVE BOARD

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## PRESIDENT'S MESSAGE

By Grace S. Ragni, CGFM, CPA, CISA, CIA



Just like any other company experiencing the impact of the current economic crisis, the AGA Silicon Valley Chapter has also slowed down a bit on its activities during the past couple of months. However, this did not stop the board members from meeting and

brainstorming on how to weather this challenging condition. A lot of creative ideas on how to reach out and keep the organization active came up, some of them are even beyond the traditional comfort zones.

Starting with November, the board voted to sponsor an audio conference. This will be followed by live speak-ups in subsequent months. In the spirit of giving during the holidays, the board members on December 26<sup>th</sup> will render a community service at InnVission, a homeless shelter in San Jose, by preparing and serving dinner to the transients.

For our January Professional development Meeting, we will have **Lynda Flores Brouchoud**, Palo Alto City Auditor, who will speak on GASB's Service Efforts and Accomplishments, Performance Reporting. The month of March 2010 will bring us a One-day Training conference in San Francisco, in partnership with the San Francisco and Sacramento AGA chapters. Topics in line are the ARRA, Yellow Book and Internal Control Updates.

The chapter is reaping its reward from a program to continuously reach out to members and non-members alike by providing quality continuing education and networking opportunities to foster professional development and certification. Dat Nguyen, Financial Analyst for San Jose Redevelopment Agency, recently joined the board. Dat is a Certified Government Financial Manager. He passed all the 3- part CGFM examination last year. I am positive that Dat has a lot to offer towards the organization's continued success. Similarly, the professionalism and unique camaraderie that the organization offers to any board member are priceless.

Despite our busy schedule and unexpected turmoil or unglamorous news that may come our way, let us not forget to pause a while and give thanks. This is that time of the year again when we look back and count our blessings more than anything else. Happy holidays!

## Thank you for your sponsorship



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## FROM THE EDITOR:

Members are encouraged to send news articles for our Newsletter - *The Working Papers*. We also want to know what you are doing (i.e. promotion, new job, community service, etc.). Email your article(s) by the first day of the month to the Editor, Alex Guiang, at [AGASiliconVal@sbcglobal.net](mailto:AGASiliconVal@sbcglobal.net).

## Update Your Membership Profile and Win!

We need your help in this effort and ask that you partner with us by updating your profile. By updating your profile you will be entered into a drawing to win 1 of 3 Sony Webbie Camcorders. As part of our ongoing effort to ensure that your AGA membership is as valuable as possible, we would appreciate it if you could take a few minutes to login and update your contact information ([www.agacgfm.org](http://www.agacgfm.org)). Members who update their profile by December 31, 2009 will be entered into a drawing for one of three camcorders.

Thank you for being a member of AGA and for your contribution to building a more diverse and inclusive financial management community. *Rodneikka N. Scott, MS, AGA National - Membership Manager*

## A Look at Early Career Survey Results National Survey Conducted in October 2009

The AGA Early Career class of membership is defined as being available to individuals with less than three years of membership. This survey was distributed to all Early Career Members and had a response rate of nearly 10%, a great return. A total of 226 members classified as Early Career Members participated in the survey. Of these respondents, 64% were female and 36% were male. 55% of Early Career members responding were in the 30 and above age group. 64% of Early Career members hold at a bachelor's degree and an additional 31% hold a Master's Degree.

### AGA Connection

- Over 82% of individuals responding to the survey stated that they joined AGA because a friend or coworker recommended it to them.
- 96% of EC members say they benefit from their membership. These members most value the benefits of keeping current on issues, professional guidance and continuing professional education.
- 43% of Early Career Members pay for all their membership fees their selves.
- 22% of Early Career members have employers that pay for all membership fees.

### Professional Development

- Early Career Members stated that they were willing to pay for membership and Certification without the assistance of their employer.
- The following are the top fields of government accountability that interested Early Career Members.
  - Accounting (82%)
  - Financial Management (58%)
  - Finance (54%)
  - Budgeting (46%)
  - Auditing (45%)
- The activities that Early Career Members stated they are most likely to participate in are CPE opportunities and networking. Although 42% of EC members have not attended any type of AGA event within the last two years 32% have attended a local chapter conference and 26% have attended a local chapter event. Only 11% have been able to attend the professional development conference. Travel costs and scheduling conflicts were listed as the major issues keeping individuals from attending conferences and events.
- Accounting, Financial Reporting, Fraud and Leadership training opportunities are common issues that early career members are interested in learning more about.

### Certification:

- The certification most held by Early Career members is a CPA (31%) which is followed by a CIA (7%) and a CGFM (6%).
- The top two certifications that EC members are studying for are the CPA and the CGFM.
- As many as 73% of EC members are interested in getting more information on the CGFM.

### Communicating with Early Careers

- Nearly half of all Early Career members feel that they are not well informed about AGA. They highly value Email, Newsletters, colleagues, their chapter website and the AGA website communications tools that AGA should use to communicate with them.

*(Contributed by: Rodneikka N. Scott, MS, AGA National - Membership Manager)*



**DECEMBER 04, 2009**

## **AUDITS BY GAO WILL COMPROMISE FED INDEPENDENCE**

By: Christopher Hanks

*Christopher Hanks is a mathematician and defense analyst. In his work at defense think tanks over the last 30 years, he has focused on logistics processes and models, revolving-fund operations and business reform efforts.*

Triggered by the current economic difficulties, a debate is now raging about whether the Government Accountability Office (GAO) should audit Federal Reserve operations. The issue is whether GAO audits would compromise the Fed's independence in setting and implementing monetary policy.

The Fed's monetary-policy decisions influence the supply and flow of money in the economy. Usually the Fed is able to implement its decisions by taking actions—for example, adjusting interest rates and dictating capital-reserve levels—generally regarded as routine, even if they are not always popular. Sometimes however, as the economic developments over the two years have shown, the Fed finds itself taking highly non-routine actions—making large emergency loans to major financial institutions, for one—in order to prevent a total collapse of the economic system. As a result of actions the Fed has taken of the latter type, legislation is now making its way through Congress calling for the Fed to be audited by the GAO.

In order to decide whether GAO audits would compromise the Fed's independence, it is first necessary to be clear about exactly what happens when the GAO “audits” a government agency. The [GAO's own website](#) provides a commendably clear description:

“Our Work is done at the request of congressional committees or subcommittees or is mandated by public laws or committee reports. We also undertake research under the authority of the Comptroller General. We support congressional oversight by

- auditing agency operations to determine whether federal funds are being spent efficiently and effectively;
- investigating allegations of illegal and improper activities;
- reporting on how well government programs and policies are meeting their objectives;
- performing policy analyses and outlining options for congressional consideration; and
- issuing legal decisions and opinions, such as bid protest rulings and reports on agency rules.

We advise Congress and the heads of executive agencies about ways to make government more efficient, effective, ethical, equitable and responsive.

Our work leads to laws and acts that improve government operations, saving the government and taxpayers billions of dollars.”

Bullets one and three in above description make it clear that when GAO “audits” an agency's operations, what it actually does are *program evaluations* —that is, investigations aimed at determining whether agency policies and programs are “meeting their objectives” and spending federal funds “efficiently and effectively” toward that end.

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## The AGA Weblog

(Continued from page 7)

Actual financial audits, as opposed to program evaluations, did once represent the core of GAO's work, but those days are long gone. Over the last 50 years a succession of Comptroller Generals (Elmer Staats, Charles Bowsher and David Walker )—all acting with the support of the Congress—have converted the GAO into something much more akin to a management-consulting agency rather than an accounting organization.

Indeed, as 40-year GAO veteran and director of GAO's Office of Quality and Continuous Improvement Michael Motley noted in 2008: "At one time, GAO was mostly concerned with finances, but today only 7 percent of our work is solely financial."

The fourth bullet in GAO's work description above, however, is the one most critical for the current debate. As that bullet states, when GAO "audits" government agencies, it will do its own policy analysis and it will then make recommendations ("outline options") to Congress about what needs to be done.

In other words, once it begins auditing the Fed, the GAO can be expected to begin making its own recommendations to the Congress—based on its own analysis, not the Fed's—about what the Fed should have done (or should not have done, or should be doing) with regard to monetary-policy decisions and actions. If the Congress then enacts the GAO's recommendations into law—as it has shown a ready willingness to do (some relevant examples are: the FMFIA of 1982, the CFO Act of 1990, the GMRA of 1994, and the FFMIA of 1996)—control of monetary policy will have passed from the Federal Reserve to the Congress.

Given the Congress' oft-demonstrated inability to take a disciplined approach to financial matters, that would be a disaster.



Government financial managers are deeply committed to producing timely, reliable and useful financial information, with the goal of running government programs more efficiently. At AGA's National Leadership Conference (NLC), those sentiments are more than just words. The NLC brings together a stellar lineup of respected government financial management and accountability leaders to share valuable insight, proven strategies, lessons learned, and discuss the newest management techniques and the most recent information on always-changing standards and regulations.

Stay on top of issues that affect you. Sessions cover current issues relating to the American Recovery and Reinvestment Act, the effects of political transitions, a look at the first year of Obama's presidency, and what the future holds. This event also features the newest tools and innovations to help agencies do their jobs more easily and more effectively. Don't miss this opportunity to earn 14 CPE hours, share best practices, find solutions to shared challenges, network with your peers and learn from the top financial management leaders and industry experts. Show your commitment to a more accountable future, visit [www.agacqfm.org](http://www.agacqfm.org) to register.

## **2009 HOLIDAY GREETINGS!**

**Best wishes to our Members and Friends**

**Thank you for your support**

**From all of us**

**THE CHAPTER EXECUTIVE  
BOARD**



## New Criteria Created for AGA's Annual Newsletter and Website Contests

At our annual leadership session for chapter communicators at the 2009 PDC in New Orleans, some of you expressed an interest in updating the newsletter and website contest criteria, which hadn't been revised in several years. The task force was formed in September and has finished its work.

Visit the website - <http://www.agacgfm.org/membership/communicators/editortoolkit.aspx> - for details on the updates the task force made to the contests.

Special thanks go to **Roger Mazula, CGFM**, New York Capital Chapter, for chairing the meetings, developing the rating sheets and sharing his many years of experience with the group.

Task force members studied the criteria used by other associations and thoroughly discussed various options to come up with the updated criteria. Thank you to the task force members, who gave so generously of their time: **Christina Lilly**, Baltimore; **Sarah Feltus**, Central Kentucky; **Deb Fraley, CPA**, Ozarks; **Bob Kanaga, CGFM-Retired**, Fort Worth; **Corinne Dougherty, CGFM, CPA**, Montgomery/Prince George's County; **Joanne Kmets Walsh, CGFM**, Cleveland; **Walt Darling**, Topeka; **Riley Shaul, CGFM, CPA**, Oklahoma City; and **Alex Guiang, CGFM**, Silicon Valley. – *Contributed by Chris Camara, AGA Publication Manager*

## AGA Silicon Valley Chapter Member Retires



Jerry Gandara has decided to bid farewell to DoD/DCMA and retired in September 2009. Jerry has worked for the federal government for over 20 years which started on a Tour of Duty in Vietnam for 2 years as Commander of the Medical Services Corps. In 1969, Jerry returned from the duty and continued on in the military reserve with the rank of Captain then joined the US Department of Contract Management Agency as Contracting Officer/Attorney. Jerry is a lawyer by trade, but decided to follow his interest in government finance and love of AGA.

We thank Jerry for his invaluable contribution to the professionalism of the government financial management community in the Silicon Valley, as a member of AGA since 1996, AGA Silicon Valley Chapter President (2000-01, 2005-08) and Board Member, and AGA Regional Vice President for California Region (2006-07). We wish Jerry all the best in life!

## JOBS

Federal Jobs, visit <http://www.usajobs.gov/>

Principal Financial Analyst - City of Santa Clara, Deadline: January 8, 2010,  
Compensation/Salary: \$107,604 - \$126,588, [www.santaclaraca.gov](http://www.santaclaraca.gov)

Assistant Director of Finance - City of Santa Clara, Deadline: Monday, January 4, 2010,  
Compensation/Salary: up to \$163,680 annually, [www.santaclaraca.gov](http://www.santaclaraca.gov)



## Dream. Learn. Achieve... And Get Ready for AGA PDC 2010

Mark your calendar and make plans now to join us in sunny Orlando, Florida for AGA's 59th Annual Professional Development Conference & Exposition - *the* premier education and networking event for government financial managers and accountability professionals.

Worth 24 CPE hours, the conference covers the latest research and information about the American Recovery Act, the constantly changing rules and standards, new management techniques, technological advances and practical tips for bringing greater efficiency to government operations. The PDC offers a comprehensive program, captivating speakers, lively discussions, top-quality education sessions, and equips you with knowledge and skills you need to be more effective leader.

While the PDC has long been respected for offering the best training in the profession, it also offers a number of networking events to help you make new contacts, exchange ideas and collaboratively work on solutions to common problems. Exhibitors are also available to demonstrate the newest products, tools and cutting-edge technology available to help your agency achieve its mission.

**Registration fees are \$800 for AGA members and \$1,000 for nonmembers until June 11, 2010.** Early registration saves you money and increases your chances of obtaining accommodations at the conference hotel.

- [Register Online Now – www.agacqfm.org](http://www.agacqfm.org)
- [Print Registration Form](#)

**Hotel Accommodations:** We reserved a block of rooms at the Orlando World Center Marriott to accommodate PDC attendees. The rate is \$108 per night (plus tax) until **June 18, 2010**, or until the room block is sold out. Reservations *received after June 18, or after the room block has been filled, will only be made on a space-available basis, and may be subject to significantly higher rates.*

- To make a reservation, please call the Marriott at 800.621.0638 and mention the "AGA PDC" to receive the discounted rate. You can also [reserve a room online](#).

Information about the agenda, speakers, travel discounts and tours is coming soon. [Stay tuned to the website](#) for more information...See you in Orlando!

## FOOD DONATION

AGA Silicon Valley Chapter would like to solicit your donation of canned and non-perishable food items. Bring your donation on Wednesday, December 16, 2009, at the AGA Audio Conference and we'll carry them to the Second Harvest Food Bank.

Thank you!

**Upcoming Chapter Professional Development Meetings  
Mark your Calendar!**

**January 20, 2010:** GASB -Service Efforts & Accomplishments (Performance Reporting – Lynda Flores Brouchoud, Palo Alto City Auditor

**February 17, 2009:** American Recovery and Reinvestment Act - Fraud and Investigation, Byron McGinley Resident Agent in Charge, US Defense Criminal Investigative Service

**March 29, 2009** (tentative date): AGA Northern California One Day Conference on Yellow Book, GAAS/GAS Updates & ARRA

**Planning to attend the December 16, 2009 Audio Teleconference**

**Topic:** Latest Trend in Occupational Fraud

Make reservation by contacting:

Bill Brown, <mailto:william.brown@vta.org>  
(408) 321-5648

Gary Epstein, <mailto:gary.epstein@vta.org>  
(408) 321-5683

Remi Thomas, <mailto:remegia.thomas@vta.org>  
(408) 952-4125

**Cost (lunch sandwich and drink included)**

AGA Member/Student/Retiree, \$15  
Non AGA member, \$20

To cancel registration, please provide 24-hour notice to any of the contact persons above or you will be billed for a “no show”.

**AGA Silicon Valley Chapter Treasurer’s Report  
October 31, 2009**

Cash In Bank – September 2009 \$ 3,019

Add Sources:  
AGA National assistance and member’s dues 162

Less Uses:  
Meeting expenditures 27

Cash In Bank – October 2009 \$ 3,154

**Be a Santa, share your love during this Holiday Season!**

**Community Service**

We invite you to join the Chapter Board in rendering a community service at InnVision Shelter House in San Jose on December 26, 2009 by serving dinner to the transients. If interested, send email to Jerry Gandara at [rose101@ix.netcom.com](mailto:rose101@ix.netcom.com).