



"Advancing Government Accountability"

NEW YORK CITY CHAPTER

NYC - The Capital Of The World



# Newsletter

[www.nycaga.com](http://www.nycaga.com)

AGA Proudly Presents

## Swatantra Anand Goolsarran, FCCA, MBA

Speaking on

### The Role of Supreme Auditing Institutions

May 3, 2007

12:00PM—2:30PM

3 CPE's

Located at Training Room, Office of the NYS Comptroller  
 123 William Street — 21st Floor; New York, NY 10038  
 Members: \$20 Non-Members: \$25

#### Swatantra Anand Goolsarran, FCCA, MBA

Supreme Audit Institutions (SAI) are national agencies responsible for auditing government revenue and spending. Although their legal mandates, reporting relationships, and effectiveness vary; their primary purpose is to oversee the management of public funds and the quality and credibility of governments' reported financial data. Currently, the International Organization of Supreme Audit Institutions (INTOSAI) is made up of 185 member nations including the United States (GAO) and the United Kingdom.

Mr. Goolsarran is a Certified Chartered Accountant (FCCA) with extensive experience in working with foreign governments and in detecting corruption. He is currently the Executive Secretary to the Board of Auditors at the United Nations and was stationed at a number of United Nations postings abroad. He was formerly the Chief Audit Executive (Auditor General) of the Republic of Guyana, South America, as well as its representative to the INTOSAI. He was the former Chairman of the Caribbean Organisation of

Supreme Audit Institutions (CAROSAI) from 1997 – 2000, as well as the Chairman of its Long-Term Regional Training Programme

Mr. Goolsarran, a former GAO International Audit Fellow, holds an MBA from the University of Strathclyde in Scotland, and specialized certificates from the London School of Accountancy in the United Kingdom and the University of Passau in Germany. He is currently completing his doctoral dissertation at the Robert Kennedy College in Switzerland.

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## Message From the President

The Chapter's year is quickly coming to an end. Soon we will start a new year. A new year that will be filled with goals and challenges; for example, attracting new members while retaining those who have been with us over the years; increasing the chapter's visibility, and expanding on our lunch-time seminars.

This year's accomplishments include the Chapter's new AGA Newsletter. A number of members have provided positive comments on this initiative, noting that the newsletter is very professional, colorful and informative. We owe a great deal of thanks to our new editor - Brianna Schletz, who, with assistance from Stephen Liebman, worked diligently to put the newsletter together. Another accomplishment is our updated webpage at [www.nycaga.com](http://www.nycaga.com). Ricardo Persad, Hector Arismendi and Steve Neuman did an outstanding job in redeveloping this window to our chapter.

In July, we will again assist in hosting GAO's 2007 International Audit Fellows. These twenty audit professionals, ambassadors of their respective nations, will provide us with an opportunity to see what is occurring in audit operations around the world and share the best practices. Incidentally, a former Fellow - Swatantra Anand Goolsarran - who is now the Secretary to the United Nations Board of Auditors, will be the speaker at our May 3, 2007, lunchtime seminar. Swatantra has extensive experience in detecting corruption and fraud and will be sharing some war stories with us.

Thanks for your continued support of the chapter and I look forward to seeing many of you on the 3<sup>rd</sup>.

Sincerely,

Ken Sifontes

**Our updated webpage  
can be viewed at:  
[www.nycaga.com](http://www.nycaga.com)**

## Nomination for Chapter Services Award

The New York Chapter Association of Government Accountants is nominating Stephen Liebman for the 2007 Chapter Services Award.

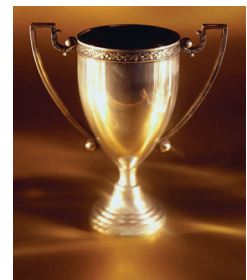
Stephen has been a Certified Public Accountant since 1985 and received an MBA in Public Accounting in 1981. He currently is a Senior Auditor for the Social Security Administration Office of Inspector General Office of Audit Services.

Stephen has been an active member of AGA for over 25 years. He has served as chair of Membership, Education and Charity committees. He has also acted as an advisor to Chapter presidents for over 20 years and continuously contributes to the newsletter and overall success of the chapter.

In addition to supporting the New York AGA Chapter, Stephen has organized a walk

-ing team for the MS Walk in New York City for the last 8 years.

As a dedicated member of the New York Chapter, Stephen Liebman has been nominated based on the extent of his contributions, offices held, and number of years as a member of the Association of Government Accountants.



## IRS Hollywood Foreign Press Reach Agreement on Swag Bags

**By Stephen Liebman  
(SSA/DIG/OA)**

As marketing companies have become more and more aware of the promotional potential of celebrity branding, award show gift bags, which began simply as tokens of appreciation for award show presenters, performers and winners, have become increasingly elaborate collections of extremely costly and lavish items- and the Internal Revenue Services (IRS) has taken notice.

In a recent release, the IRS announced regarding the taxability of gift bags and promotional items that they came to agreement with the Hollywood Foreign Press Association (HFPA) "that will resolve outstanding tax responsibilities with respect to Golden Globe Awards presenter gift baskets." According to the terms of the deal, the HFPA will foot the bill for back taxes due on gift baskets through 2005. Last year's swag recipients at the 2006 Golden Globes will be issued with the proper tax forms and be responsible for fulfilling the tax obligations on their baskets.

In September 2006, the HFPA voted to discontinue the practice of thanking presenters with lavish gift boxes, and no baskets were distributed at the 2007 Golden Globe Awards held in January at the Beverly Hilton Hotel in Beverly Hills, California.



**No gift baskets were given at the 2007 Golden Globe Awards.**

Last year's Golden Globe goodie bags, however, were worth upwards of \$20,000 each and contained, according to the Associated Press, a \$1,200 diamond pendant, a \$2,000 gym membership, a \$865 Chopard watch, a \$745 camera phone and an array of handbags, expensive clothing, jewelry, MP3 players and gift certificates. Other more extravagant and exclusive giveaways included cruises and trips around the world.

Thanking celebrities with gift bags has been an established Hollywood ritual since at

least the early 1970s.

The Academy of Television Arts and Sciences has come to an agreement with the IRS to notify them about when a gift bag is taken and its value. The IRS' main goals in its outreach campaign are to "focus attention on tax guidelines for gift bags and other promotional items" and to ramp up reporting compliance through the completion of 1099 forms, which are used to report income other than wages. According to an IRS spokesman, they are not looking to "put an end to celebrity gifts." According to the IRS, "All we want to do is make sure the organizations and the recipients understand their tax responsibilities."

**Taxes that were self prepared and filed electronically increased 8.4% for 2007.**

*See statistics below*

### IRS 2007 Filing Tax Statistics

(Cumulative through the weeks ending 4/7/06 and 4/6/07)

<u>Individual Tax Returns</u>	<u>2006</u>	<u>2007</u>	<u>% Change</u>
Total Receipts	87,732,000	88,581,000	1.00%
Total Processed	82,747,000	84,215,000	1.80%
E-filing Receipts:			
TOTAL	57,740,000	61,345,000	6.20%
Tax Professionals	41,939,000	44,210,000	5.40%
Self-prepared	15,801,000	17,135,000	8.40%
Average refund	\$2,290	\$2,366	3.30%

## Intensive Review Course: CGFM Exams

Have you applied for the CGFM Program, but are having difficulty committing time to study and take the exams? Would you like to save on exam fees?

Then consider AGA's Intensive Review Course! Already a staple at two of AGA's conferences, it was just offered before the National Leadership Conference (NLC) in Washington DC and once again was sold out.

After attending the two-day review course on February 9-10, the candidates tackled the CGFM Examinations over the next two days (with some taking all three exams in one day!). As a result, 19 of the participants passed all three (or finished up their remaining) CGFM Examinations at this event. Several others passed one or two examinations and are on their way to completing the CGFM process.

While this "intense" experience is not for everybody, participants were attracted to the idea of completing the CGFM process in a short period of time, having a set deadline to take the examinations and saving money (the cost of CGFM Examinations is included in the Intensive Review Course fee and this fee is less than the cost of the three examinations). Holding an Intensive Review Course and CGFM Examinations in conjunction with AGA National Leader-

ship and Professional Development Conferences gives the candidates one more way to reinforce the material and take the CGFM Examinations (candidates can also take the exams at Prometric testing centers anytime).

The extra reinforcement of the material is exactly what some people wanted and needed. The Intensive Review Course is not a substitute for the six days of regular instructor-led training courses. On the contrary, this course is designed as a supplement to previous preparation for the CGFM Examinations. In fact, the majority of the participants have either attended the CGFM training courses or purchased the CGFM study guides before participating in the Intensive Review Course.

AGA plans to continue offering this course and CGFM Examinations at its upcoming conferences. The next Intensive Review Course is scheduled for June 21-22, 2007 (with exams on June 23-24, 2007) in conjunction with AGA's Professional Development Conference (PDC) in Nashville, TN.

For more information or to register, visit [http://www.agacgfm.org/pdc2007/cgfm\\_exam.htm](http://www.agacgfm.org/pdc2007/cgfm_exam.htm). Space is limited - if you are interested in participating, sign up now!

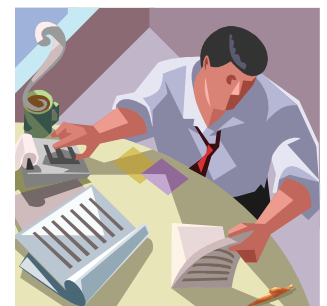
**"participants were attracted to the idea of completing the CGFM process in a short period of time...and saving money"**



*Hit your ball over the fence and you can take your time going around the bases. — John Raper*

## Microsoft to Launch "MySpace" for Accountants

Software giant Microsoft is preparing to launch an online community site for financial professionals. This was revealed at the company's Convergence conference in San Diego this week. The site, which has yet to get a formal name, is currently known as the Dynamics Live Beta Community. Microsoft is referring to it as 'MySpace for financial pros.' The site is aimed at corporate controllers, finance managers, finance staff and accountants and includes blogs, forums, tagging, RSS syndication and other community-specific features. --Excerpt from Larry Schlesinger, *Accountancy Age*.



## David Hancox, CIA, CGFM: Samurais and Accountants

By Paul Lee (DIG/HHS/DAS)

After watching his master sharpen his samurai blade incessantly, a young apprentice finally decided to question him. The apprentice asked, “Why do you always sharpen your blade when there is no battle to be fought? Isn’t your blade sharp enough already?” His master replied “One’s blade can never be sharp enough.” This reflection led to the principle of Kaizen, or continuous improvement.

Kaizen, simply put, demands a continuing drive in search of improvements and never settling on prior accomplishments. This principle revolutionized the manufacturing industry. Japanese manufacturers adapted this principle into their work culture, which helped them surpass and nearly extinguished their competitors. In order to survive competitors began using the principle in the same



way as the Japanese manufacturers.

Similarly, the accounting industry is in a state where change is essential. According to David Hancox’s presentation, “Accountability, Ethics, Control Environment and Governance” (January 30, 2007), the accounting profession is failing because it is not meeting the public’s expectations. In recent years, the public has become more aware of accounting scandals like Enron and Tyco, but these were only a small fraction of frauds that occurred.

Fraudulent activity can be hidden by collusion or by a lack of controls within the workplace. In fact, management could hide embezzlements by overriding the controls they are responsible for enforcing. Mr. Hancox noted that having rules and policies do not suffice if employees are not willing to follow them. He stated that fear within the work environment is not measurable in accounting standards and often times plays a large role in the amount undetected fraudulent activity. Sarbanes-

Oxley (the Act) was established during the aftermath of high-profile fraud cases, but the profession is still hammering out weaknesses within the Act, so we can’t rely on it completely yet. Therefore, Mr. Hancox suggested that we need to revolutionize the accounting profession.

Mr. Hancox described the importance of “re-imagining the audit organization”. He quoted Tom Peters, a management consultant, who expressed the importance of radical changes by stating “Incremental changes are not sufficient. We must have dramatic changes in order to correct dramatic problems.” Mr. Hancox then gave examples of how the accounting profession could be improved. “Excellent management is important” and “Being able to follow rules does not equal good management” were among the examples. Also, “Managers need to be able to think outside of the box,” “Interpersonal skills of management are important,” and “Excellence and dynamics are important characteristics that can be found in people with knowledge of various experiences” were included. Just as a samurai would keep his blade sharp, Mr. Hancox emphasized the importance of keeping the accounting profession sharp and astute. As a result we should continue to sharpen our profession and never settle on prior accomplishments. There are always improvements to be made.

**“The accounting industry is in a state where change is essential.”**

### SUDUKO!

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## FAQ About Your AGA Membership

It is time to renew your CGFM designation and/or AGA membership! Below you'll find answers to frequently asked questions about CGFM renewal:

**Q: How often do I have to renew my CGFM designation?**

A: CGFM certification is renewed on an annual basis. A renewal invoice is sent out in February and the payment is due by March 31st. If you do not receive an invoice by mid-March, please call AGA at 1.800.AGA.7211.

If your address has recently changed, please be sure to update your contact information with AGA and pay your dues in the "Members only" section of AGA website ([www.agacgfm.org](http://www.agacgfm.org)).

**Q: What are the requirements for maintaining the CGFM certification in an active status?**

A: To maintain the CGFM certification in an active status, CGFMs are required to:

- Pay the CGFM renewal fee by the due date every year.
- Complete at least 80 hours of continuing professional education (CPE) every two years in government financial management topics or related technical subjects.
- Maintain and, if requested by AGA, provide detailed information on CPE hours completed.

To retain the CGFM certification, all CGFMs must adhere to the AGA's Code of Ethics. By submitting their annual renewal payment, CGFMs affirm that they have and will continue to abide by AGA's Code of Ethics and that they have fulfilled the minimum CPE Requirements.

**Q: How do I determine my CPE cycle?**

A: Your first two-year CPE cycle starts on January 1st of the year following the one when your CGFM was awarded (for example, if your CGFM was awarded in 2001, your first CPE cycle was 1/1/02-12/31/03). The award date is listed on your CGFM

certificate. Your current CPE cycle is listed on your renewal invoice. For a table of all CPE cycles visit [www.agacgfm.org/cgfm/maintain/cgfm\\_calendar.aspx](http://www.agacgfm.org/cgfm/maintain/cgfm_calendar.aspx).

**Q: My two-year CPE cycle just ended on December 31, 2006, but I did not complete 80 CPEs in 2005-2006. Can I make up the deficiency?**

A: Yes. CGFMs who have not completed the 80 CPE hours in 2005-2006 cycle have until March 31, 2007 to make up the deficiency. Any CPE hours completed toward a deficiency in one period must be documented in the CPE records and may not be counted toward the requirements for the next two-year period. More information on CGFM CPE requirements can be found on [www.agacgfm.org/cgfm/maintain/cpe\\_requirements.aspx](http://www.agacgfm.org/cgfm/maintain/cpe_requirements.aspx).

**Q: I just retired. Do I need to do anything to adjust my CGFM status to "retired"?**

A: Yes. Individuals who are retired from AND are no longer substantially working in the government financial management community can request an adjustment of their status to "retired" by contacting AGA's Office of Professional Certification (by mail or e-mail at [agacgfm@agacgfm.org](mailto:agacgfm@agacgfm.org) <<mailto:agacgfm@agacgfm.org>> - please provide the date of retirement and confirm that you are no longer substantially working in the government financial management community). CGFMs in retired status are not required to remit the CGFM renewal fee or earn the 80 CPE hours.

If retired CGFMs return to work (substantial employment or contracting) in the government financial management community, they must contact AGA to change their status back to "active."

More information on CGFM renewal policies can be found on [www.agacgfm.org/cgfm/maintain/](http://www.agacgfm.org/cgfm/maintain/).

**Answers to Questions About:**

**CGFM**

**CPE's**

**Retirement Status**

**New York Chapter's Membership Report**

As of March 2007  
(provided by Stephen Liebman, Membership Chair)

Beginning Balance- 196  
(4/1/2006)  
New Members- 25  
Reinstates- 9  
Deceased- 2  
Suspends- 30  
Transfer In/Out- 3/2  
**Ending Balance- 199**  
(as of 3/2007)

\*\*We reached 64% of new membership acquisition goal (39) and 98% of retention goal (176).

## Upcoming Events

**May 3, 2007** — *The Role of Supreme Auditing Institutions*

**Speaker: Swatantra Anand Goolsarran**

For more information see Page 1.

**July 2007** — *GAO's 2007 International Audit Fellows*

## Past Events

April 22, 2007—**Annual MS Walk** beginning the South Seaport in Manhattan

January 2007 — **Speaker: David Hancox**  
For more information see Page 5.

October 31, 2006 — **Forensic Accounting**

October 2006 — **Making Strides for Breast Cancer**

September 13, 2006 — **State and Local Accounting Updates and Accounting for Employee Benefits**

March 23, 2006 — **Fraud Happens**



"Advancing Government Accountability"

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