



CAPITOL TOPICS

SEPTEMBER 2014

EXECUTIVE COMMITTEE

President

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President-Elect

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Immediate Past President

Paul Morris
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Secretary

Autumn Bellfield
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Treasurer

Lorna Schwimmer
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Research Chair

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Education/Programs Committee

Ben Lyons, Chair
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Paul Morris, Co-Chair
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Communications Committee

Vacant

Community Service Committee

Priscilla Suggs
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Membership Committee

Aaron Dvorak, Chair
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CPE Events Committee

Patty Aguilera, Co-Chair
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Adana Barry, Co-Chair
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Chapter Historian

Sharita Coyle
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Webmaster

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Helene Baker
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PRESIDENT MESSAGE



Welcome back and I hope everyone had great summer. As the new president for the Austin Chapter, I am excited about the continued direction of our group and having a successful 2014-2015 year. The board is focused on growing the chapter, bringing our members quality educational programs and opportunities to network with other accounting and movement professionals. For the upcoming year, luncheons will remain at the Flying Saucer as we've heard positive feedback on the location and spacing. As in past years, community service will continue to be a large part of what we do; we'll also continue our efforts to interest local university students in accounting, management and finance in a career in government accounting.

The first meeting of the year will be on September 11, 2014. Our presenter Mike Wheeler, Chief Financial Officer at the Employees Retirement System of Texas will speak on "Emotional intelligence". Lastly we can always use a helping hand on the board. If you are interested in assisting on the board, please contact me or anyone of the board members for information. I look forward to working with you this year and hope you'll join our networking and educational opportunities throughout the year. Thanks in advance for your continued support of the chapter and hope to see you on September 11th.

Respectfully submitted,

Tennyle L. Walker

UPCOMING EVENTS

Emotional Intelligence

Plato once said "All learning has an emotional base." **Emotional Intelligence** refers to our ability to perceive, control and evaluate emotions. Some researchers suggest that emotional intelligence can be learned and strengthened, while others claim it is an inborn characteristic. On September 11, **Mike Wheeler, Chief Financial Officer for ERS** will discuss Emotional Intelligence and how important it is for success. Attendees will learn about the 15 Subscales of Emotional Intelligence and how to improve skills in each area as well as the components of Leadership Presence.

Date/Time: Thursday, September 11, 2014 - 11:30am-1:00pm
Location: Flying Saucer in the Triangle 815 W 47th St #100, Austin, TX 78705
CPE Credit: 1 Hour
Registration: <http://www.agaaustin.org/aga-austin-reg.html>

Networking Event

AGA Austin is hosting a networking event on Wednesday, September 24th, at **The Market at 319 Colorado St.** from 5:30 to 7:30. p.m. Please drop by and bring a prospective new member along. Look for additional details coming soon, and we will see you on September 24th.

Historian Report



Sharita Jefferson drafted this year's Historian Report
Membership

As of as of publication, membership reports were not available from AGA's national office. We will report on membership activity when that information is available

We recognize longtime members who have reached their 5, 10, 15, 20 and 30 year milestone anniversary during the Chapter year because they continue to show their commitment and support for the AGA by renewing their membership each year. Some even volunteer to serve on committees or are on the Executive Committee. Members reaching a milestone in 2013-2014 include:

5 YEARS:

Ms. Dale G. Hernandez, CGFM
 Mr. Paul Morris, CPA, CGFM
 Mr. Thomas E. Voyce

10 YEARS:

Ms. Tamera Lynn Atkins, CGFM
 Ms. Michele Bauman
 Mrs. Janet Kay H. Davis

15 YEARS:

Ms. Glenda D. Collins, CGFM-Retired
 Mrs. Tracy Hardwick
 Ms. Mattye G. Keeling, CGFM—Retired
 Mr. James S. Killingsworth, CGFM
 Ms. Willo R. Laurel, CGFM
 Mr. Gregory E. McLaughlin, CGFM
 Mr. Alvin Miller, JR., CGFM, CPA
 Ms. Gaye M. Pharr, CGFM
 Mr. Cherman L. Vinyard, CGFM-Retired
 Ms. Jane H. Wilson, CGFM

20 YEARS:

Mr. Leonard Krugel

45 YEARS:

Mr. James Gerick, CGFM-Retired

The Chapter held its Annual Chapter Member Appreciation Mixer on February 21, 2014 at the Flying Saucer Draught Emporium at the Triangle, in Austin, Texas. The mixer was organized by our Membership Committee Chair **Aaron Dvorak**, and was an opportunity for executive committee members and members to relax and be appreciated for all their hard work and accomplishments in AGA throughout the year.

Education, CGFM & Scholarships

The Chapter hosted nine luncheon presentations, the last of which was conducted in conjunction with the

National Contract Management Association (NCMA) and offered a total of 4 CPE hours.

All nine engagements provided members and guests an opportunity to earn a total of 14 CPE hours for the year. The speakers for those events are listed in the 2013-2014 Historian report which will be available on our website after September 15. Speakers were presented with a small token of appreciation after their presentations. To ensure all luncheon attendees received proper CPE credit, **Charmaine Horton** provided a CPE certificate to each attendee.

CGFM News: We extend a hearty "Congratulations!" to Chapter member **Aaron Dvorak** for obtaining his CGFM certification.

Community Service and Awards

The Austin Chapter is excited to report that we exceeded the number of volunteer hours that are required for Community Service for the 2013-2014 year. We want to thank everyone who helped make this year a success!

Many of our members volunteer throughout the year on their own with various non-profits as well as the Community Tax Centers program which provides free tax assistance for low income families and individuals in the Austin area. A BIG "Thank You" to all of those who give of their time and talents to help those who are less fortunate.

Again this year, the Chapter would like to acknowledge and offer a *Special Thank You* to our two Chapter Community Service co-chairs, **Lynda Baker and Priscilla Suggs**, who dedicated their time, love, passion and efforts to finding out about available community service engagements, keeping our Chapter well-informed, and participating in the events as well. Thank You both for all you have done this year! We are so lucky and privileged to have you! Because of you, we were able to exceed our previous year's community service commitment.

Minutes and Treasurer Reports

Secretary **Autumn Bellfield** captured key points made in the luncheon presentations, as well as the monthly Executive Committee meetings in the form of meeting minutes. Autumn sent the meeting minutes via email to the Executive Committee for review and approval prior to publication in the newsletter and posting on the Chapter's website. To help Autumn in achieving her mission, voice recorders were utilized to ensure all Executive Committee meeting notes were gathered while offering a more efficient preparation of meeting minutes.

Executive Committee meeting minutes and the luncheon meeting minutes are being added to the Chapter website.

Networking Event

Wednesday,
 September 24th,
 at The Market at
 319 Colorado St.
 from 5:30 to
 7:30. p.m.

All are welcome.
 Additional details
 coming soon, see
 you on Septem-
 ber 24th.

Mari Queller expertly and diligently carried out her duties as Treasurer. To help her complete her task more efficiently, Mari utilized a Square Credit Card reader to process payments via her iPad or via Webmaster, Eddie Chan's iPhone. The Chapter began the year on 9-1-2013 with a cash balance of \$6,392.49 and ended the year with a balance of \$6,965.39 on 6-30-2014.

Newsletter and Communication

Jeanne Yanga, Newsletter Editor, gave the Chapter newsletter lots of color and stylish flair with the use of background images, current Chapter photos, and by applying a variety of holiday graphics. This all contributed to the newsletter being enjoyable to read and received several compliments from Executive Committee members. The newsletter was submitted to the National Office for entry in the annual newsletter contest.

Our Newsletter included monthly Research Articles summarized by our Research Chair, **Lorna Schwimmer**. Topics of the articles for respective months included:

September: "The Journey Continues"-- See the full survey at <http://www.grantthornton.com/~media/content-page-files/public-sector/pdfs/surveys/State-CFO-2013-Survey.ashx>

October: "Government Shutdowns: Will We Ever Learn Our Lesson?"-- See the full article from source: http://www.huffingtonpost.com/2013/09/30/government-shutdown_n_4016032.html?utm_hp_ref=politics

November: "The Next Step For Government Accountants"

December: "Executive compensation in higher education: Trends and best practices"-- See the full article at <http://www.grantthornton.com/issues/library/articles/nfp/2013/NFP-2013-06-executive-compensation-in-higher-education.aspx>

January: From the "Board Pursues Unauthorized Practice to Protect Public and the Profession," November 2009 Texas State Board Report -- See the full article at article at <http://www.tsbpa.state.tx.us/pdffiles/br0911.pdf>

February: "The State of the Union: A View of the Federal Government's Management from the Inside"-- See the full article at <http://www.grantthornton.com/issues/library/articles/public-sector/2014/View-of-Federal-Governments-Management>

March: "The Obama Administration's New Management Agenda! Fresh Approaches to Measuring and Reducing the Cost of Government?" -- See the management agenda at http://www.whitehouse.gov/sites/default/files/omb/budget/fy2015/assets/21st_century.pdf

April: "Digital Auditing: Modernizing the Government Financial Statement Audit Approach"-- AGA Members can see the full article at <https://www.agacgfm.org/My-AGA/Journal-Online.aspx>

Newsletters can be found on the Chapter web site at: <http://www.agaaustin.org/newsletters.html>

Website

Webmaster **Eddie Chan** continued to upgrade the Chapter's website and he ensured the uploading of all the Chapter's publications and documents for the year, including newsletters, meeting minutes, treasurer's reports, historian reports, Citizen Centric Reports, upcoming CPE events/luncheons and registration, community service opportunities, current job opportunities and Chapter photos. **Eddie** is currently working to implement the online survey and CPE certificate distribution to the website, and having a community service report generated for all community service hours input into the website, both to allow for even greater efficiency for the Chapter.

The Chapter website can be referenced at: <http://www.agaaustin.org/index.html>

Elections and Recognition

AGA Austin completed the year with the transition of our President **Paul Morris** to Past President and our President-elect, **Tennyle Walker** to President. New officer elections were held at our April luncheon meeting and the following positions were filled: President- Elect, **Ben Carter**; Treasurer **Lorna Schwimmer**.

In addition to our newly elected officer positions, other changes occurred during the year. Chapter members volunteered to work with and/or fill vacated officer positions. They include: Community Service Chair **Priscilla Suggs** (co-Chair, replaced former Chair Lynda Baker); Education co- Chairs, **Paul Morris** and **Ben Lyons** (replaced former Chair, Debi Weyer); Research Chair, **Debi Weyer** (replaced former Chair Lorna Schwimmer) and Early Career co-Chairs **Ben Carter** and **Lorna Schwimmer** (replaced Kristen Gonzales-Cedillo).



You can register online at: <http://www.agaaustin.org>



Elections and Recognition

... Continued: The Austin Chapter sent Chapter members **Tennyle Walker** and **Lorna Schwimmer** to attend the Annual AGA Professional Development Conference (PDC) held July 2014 in Orlando, Florida. The Austin Chapter was awarded the **AGA Silver Level Chapter Recognition Award** and was presented with a plaque at the PDC Conference.

Tennyle Walker, Austin Chapter President-Elect accepted the award on behalf of the Chapter.

Finally, the Governor's Office of the State of Texas has recognized the special place and need for Certified Government Financial Managers. March 2014 was declared CGFM Month in the State of Texas.

Don't Forget—September Networking Event

Save the date! AGA Austin is hosting a networking event on Wednesday, September 24th, at **The Market at 319 Colorado St.** from 5:30 to 7:30. p.m. Please drop by and bring a prospective new member along. Look for additional details coming soon, and we will see you on September 24th.

Research Article *Leita Hart-Fanta, CPA, CGFM*

The Iterative Nature of Control Evaluation

JULY 16, 2014

(reprinted with permission)

It is time to trim the roses. We just moved into a new house where the roses had not been pruned in years – maybe a decade. One absolutely beautiful light pink rose bush is right outside my office window and I started in on trimming it one afternoon thinking I'd make quick work of it. It was so entangled, bloated, and thorny that I thought about pulling out the electric hedge trimmer. But you aren't supposed to use a hedge trimmer to prune roses; roses need to be pruned thoughtfully at the bud or at a fork in the branch.

So I started in with round one of trimming – and almost filled up an entire City of Austin trashcan with the thorny branches. Then I stepped back and saw that my pruning had left it misshapen and still full of dead limbs. Only after the second round did I realize that this bush was in actuality three bushes all planted closely together.

The next morning I went out and pruned a few more branches that I still felt were too long. I only have eight more rose bushes to go (!).

Evaluating internal controls are a lot like trimming the rose bush. Usually, you discover something you aren't expecting. And you can't approach them once and be done. As a matter of fact, I think controls have to be approached at least three times: once just to get a general understanding, next to evaluate controls related to the inherent risks you identified, and finally to test key controls.

The tweaked steps of conducting an audit

Over the years, I have refined the steps of conducting an audit for teaching purposes. I err on the side of summarizing concepts so that my students don't get too bogged down in the minutia and keep their eyes on the big picture. But as I summarized I obscured the iterative nature of control



work – so I am reversing that generalization and getting pretty granular here. This step-by-step process isn't the only way to do it... obviously! But hang in with me and maybe you can get on board with some of it:

1. Receive vague audit assignment
2. Gain a general understanding of the audit subject and general control structure
3. Choose relevant criteria to evaluate the subject matter against
4. Break the audit subject into pieces
5. Evaluate inherent risk for each of the pieces
6. Refine objective and define sub-objectives
7. Evaluate controls for each objective and sub-objective and determine key controls
8. Design relevant tests – including substantive and control tests
9. Allocate resources to the endeavor
10. Formalize the audit program
11. Perform substantive and control tests
12. Write findings
13. Conclude against objectives
14. Finalize report

Yes, yes. There is a lot more to it and auditing isn't linear – but it does illustrate the iterative nature of control work. Look how many times in that process I mentioned controls. Step #2, Step #7, Step #8, Step #11. Prune, evaluate, prune, evaluate – over and over and over.

Everyone who creates iterates

In early March, I attended SXSW Educational conference, where the buzz surrounded gamify-ing your content. In other words, if you want young folks to learn, you might consider turning your contents into a video game.

The game developers used the word 'iterative' like it was going out of style. They talked about their original design, the need to tweak, get user feedback, tweak again, get more user feedback, reevaluate, tweak, bla bla bla. They realized they were never going to completely perfect their game, but at some point they had to publish it.

Audits are also iterative and if you don't watch out, control work can consume your entire audit budget. You can easily end up on bunny trails that have nothing to do with your audit objective.

Auditors call the pursuit of errant bunnies "scope creep" – auditees call it a witch-hunt. Those of you with lots of audit experience know that you can find something critical to say everywhere you look – easy pickin's as they say. But we don't want to spend all year victimizing the client for any old random thing that comes up... or do you?

Stay focused on a sexy but clear objective to save time

Let's assume that you don't want to stay on each audit forever, picking, picking, picking, picking until everyone cries for mercy – including your audit team. You want to answer a specific targeted objective that deals with a sexy, interesting, risky area. That means you don't care about all controls – only the controls that relate to your objective and that deal directly with the inherent risks you identified.

Start broad but tread lightly at first to gain a general understanding of who is involved and whether the entity has a control consciousness. Then after you evaluate inherent risks, inquire and understand controls that mitigate that risk. Then test the controls that are non-negotiable, or key, to mitigating those inherent risks.

Approach each iteration gingerly and briefly. And put away the hedge trimmer! You simply are NOT going to get it all done at the first approach and I am sorry to report that it isn't going to be fast and easy.

Leita Hart-Fanta, CPA, CGFM

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