

March 2009

NEWS & UPCOMING EVENTS

**March 12, 2009
Meeting**

1 Hour of CPE

Speaker:

**Penny Gold, CEO, KY
Society of CPAs**

Topic:

KSCPA Update

Location:

**Frankfort Plant Board
Clubhouse**

Time: 11:30 am-1pm

Price:

\$10 Members

\$12 Non-Members

\$5 CPE (no lunch)

Visit the Website

<http://www.ckvaga.com/>



President's Message Lee Ann Watters

I am a list maker – that's how I get things done and that's how I mark time. Many times I actually physically write down the things I need to do and check them off as tasks are accomplished, but many times the list is in my head. Writing this newsletter article each month has been one of those mental lists. I've checked off each one in my head and this morning as I sat down to write I realized that after this one, there are only two more left for me to write during my term. My how ten months have flown!

At our March Chapter Executive Committee meeting we elected a nominating committee, lead by President-Elect John Williams, to begin the task of filling our slate of officers for next year. Some of these offices (Past President, for instance) are easy to fill; others such as President-Elect.....well, not so easy. If you are interested in serving on CEC please let John know. I encourage you to take the opportunity to become more involved in our chapter by serving either on CEC or on a committee. As a CEC we are always looking for fresh, new ideas and new people to serve!

National AGA is seeking people to become Service Efforts and Accomplishments (SEA) reviewers. Perhaps you're thinking, "Sounds interesting, but I don't know a lot about this area." If you'd like to learn more about SEA reports you can earn the AGA Certificate of Achievement in SEA Report Review Program. You can learn more about how to prepare a performance report for your agency by participating in this program. See the national website, www.agacgfm.org for more information.

In order to recognize the CGFM Program and its accomplishment, AGA has declared the month of March each year as CGFM months. Thanks to the efforts of our CGFM chair, Mary Hudson, Governor Beshear has declared March as CGFM month in the Commonwealth of Kentucky and has signed a proclamation viewable at the end of the newsletter. In doing so, Kentucky joins a select group of state and local governments who recognize the value and prestige of this certification. Currently, several of our members are preparing to take the CGFM examination. If you would like more information about the exam, study guides, study groups, etc., please contact Mary.

I hope to see many of you Thursday as we welcome Penny Gold, Executive Director of the Kentucky Society of Certified Public Accountants to our monthly meeting.

Chapter Meeting News and Notes

Speaker Information

By: Sandra Rudic, CPA

Penny Gold, *Kentucky Society of CPAs*

Penny Gold joined KyCPA in 2003, becoming only the third executive officer in organization's more than 80-year history. As CEO, she oversees all aspects of non-profit professional organization's busy operations, serving the board of directors and nearly 5,000 CPA members throughout Kentucky. The primary focus of her tenure has been in the areas of accounting education, the educational needs of the membership and addressing the strong demands for CPAs in Kentucky accounting firms and businesses.

Prior to assuming her post at KyCPA, Gold served for more than a decade as executive director of the Kentucky Academy of Trial Attorneys, where she managed an active organizational agenda of legislative advocacy, educational programming, member publications, board and leadership relations and community outreach. In prior years, she served in state government as director of Administrative Services for the Kentucky Department of Housing, Buildings and Construction and chief executive assistant to the secretary of the Cabinet for Public Protection and Regulation.

A native of New York City, Gold holds a Master's Degree in Government and Public Administration from St. John's University in New York and a Bachelor's Degree in Political Science from C.W. Post College in New York.

Gold's professional involvement has included service on the boards of: the Kentucky World Trade Center, the National Society of CPA Executives (CPA/SEA), the Kentucky Council on Economic Education, GLI's CEO Roundtable, past-president of the National Association of Trial Lawyer Executives and past-president of the Kentucky Society of Association Executives. She was named 2002 Woman of Achievement by Business & Professional Woman/River City, was the first female recipient of the Daniel Carter Beard Award of the Boy Scouts of America and was recognized by the Center for Nonprofit Excellence by receiving their Award for Collaboration.

Gold and her husband Paul, attorney and former judge, reside in Louisville and are the proud parents of twins.

Community Service Update

By: Linda Hinton, CPA, CPM

Fisher House

We collected \$50 for Fisher House. I want to thank everyone who contributed.

Relay For Life

We will be forming a Relay for Life Team in Franklin County again. Please let me know if you are interested. We had a good time last year.

We will have a drawing for a Movie Night Basket to raise funds for our Relay For Life Team at the March meeting. Relay is the night of June 26-27, 2009 this year. Please join us in walking or make a tax-deductible donation (checks payable to the American Cancer Society). We will have a fundraiser at each meeting between March and June.

We raised \$500 at the Relay for Life yard sale last year, so we are planning to have another yard sale. If you would like to donate an item for the yard sale, I am collecting and storing items now through the yard sale in May. So think of Relay when you start spring-cleaning! You can reach me at (502) 875-9775.

Pop-Tab Campaign

Have your friends and neighbors join in our collection of Pop Tabs to benefit Friends of Indian Summer. The Friends of Indian Summer send children diagnosed with cancer to camp every summer so that these children can have a great experience, despite their illness. Please let me know if you need a collection can for the pop tabs. All collections can be dropped off at the monthly membership meetings. <http://www.iscamp.org/>

Chapter News



Ed Ross receiving the William R. Snodgrass Distinguished Leadership Award

Edgar C. Ross, Central Kentucky Chapter, Controller, Commonwealth of Kentucky

In recognition of Mr. Ross' dedication to government financial management, accountability and fiscal responsibility as the chief accounting officer for the Commonwealth of Kentucky for more than 30 years. As controller, he maximizes the use of best practices throughout all state agencies, eliminates sub-standard operations, creates single points of responsibility for similar and related functions, and eliminates under-utilized services. Mr. Ross' early efforts to comply with GAAP have led to 21 consecutive Certificates for Excellence in Financial Reporting.

Editor's Corner

All members are encouraged to submit articles for the newsletter. Submissions should be in Microsoft Word format and preferably 2 pages in length or less. Send submissions to ckyaganews@gmail.com.

Central KY AGA also encourages letters to the editor. Send any correspondence to the above email address. Any emails submitted may be anonymously reprinted in a future newsletter.

Why many organizations are choosing short layoffs?

By Tom Crouch, CPA, CIA, CISA, and Attorney

Due to the current economic downturn, many organizations are choosing to use layoffs from 4 days to 20 days. This short text helps show why this may be very logical and one of the first options in the budget cutting process.

The prime layoff period being chosen appears to be between Christmas and New Years Day. Historically, perhaps 50% of employees take vacation time during this period. There are so few people around many workplaces that not much actually seems to get done. It is often viewed as one of the least productive periods.

The second approach appears to be perhaps 5 to 10 unpaid leave days during the next year. Since most employees probably would take those days during the slowest work period, productivity probably would not suffer much. Many employees would take fewer vacation days during the short layoff year, which would cause accrued vacation leave to accrue to a higher level by year end.

Many employers choosing these short term layoffs are doing so to:

1. -- help their budgets but not ruin their organizations,
2. -- minimize disruption to their work flow by focusing work efforts on the prime work periods,
3. -- show loyalty to workers who might have spent years with the organizations,
4. -- take steps to ensure that they retain skilled workers that will be needed in coming years. See the series of articles on the coming skilled labor shortage at:

<http://www.auditnet.org/articles/SkilledLaborShortage.htm>

Some organizations which have not conducted workforce planning might be about to make a serious mistake and cut skilled employees that will be needed in two to four years.

The short term layoffs might be one of the most cost-effective ways to address budget shortfalls. Cost reduction can be achieved without losing employees for the most productive periods. The short layoffs may enable an organization to reduce their costs during the slowest work periods. A cost accountant might help budget cutters understand why this approach needs to be considered. Your

organizations might want to be sure that it is one of the tools in your budget cutting tool chest.

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Interviewing: The Power of Two by Sefton Boyars, CGFM, CPA

Many songs and sayings use the word "two": Two for Tea, It Takes Two to Tango, two's company, and two heads are better than one. That last saying also applies to conducting interviews.

Often, auditors conduct interviews without a partner. This requires a great deal of multi-tasking. The auditor must ask questions, record answers, repeat questions when receiving inadequate responses, follow-up on indications of problems, and be alert to inappropriate body language. While this is going on, the auditor should indicate that she is paying close attention to what the person is saying (I will assume the auditor is a woman for writing ease). Unfortunately, in practice, the interviewer spends much of the time looking at her notebook recording responses.

When you are looking down at a pad of paper, concentrating on recording what was said, you may find it difficult to consider the content of the answers and to think of unplanned questions. In addition, you may find it almost impossible to be aware of body language. For that reason, I recommend that if possible you have a second person at all interviews. The second person provides a number of advantages.

Accurately recording responses. The auditor who writes down the answers while also conducting the interview may abbreviate the response. If we don't say anything for 30 seconds while we record what was said, we feel guilty (perhaps justifiably) about wasting the person's time. As a result, we sometimes shortcut our notes, believing that we will expand them later. But later, we may not recall those points we did not write down.

Following up on inadequate answers. Occasionally, a person doesn't answer the question asked, but manages to disguise the evasion. People rarely state that they won't answer a question; they usually just talk around it. The auditor must be alert to word choices and recognize the failure to answer questions.

Of course, if people want to avoid a question, the auditor should be thinking of asking other questions to properly explore the subject. Again, unless the auditor is listening carefully to the responses, she may miss the fact that the person did not answer the question being asked.

Pursuing possible leads. When responding to questions during interviews, people sometimes mention something that warrants further follow-up. However, that something may not be highlighted during the discussion; it may just be noted casually. As a result,

if the interviewer is not paying careful attention, she may not notice it. Again, when the auditor is concentrating on recording answers accurately, she may miss the comment. Watching for body language. When the main interviewer can focus directly on the speaker, she notices hesitations, changes in speaking style, facial expressions, etc. Imagine the question: "How is morale in this organization?" Then imagine the response: "just fine." Would you perceive that response differently if it were delivered with a nod and a smile, versus a grimace and a rolling of the eyes? If you are looking at your notes when you heard the response, you may have no idea of any nonverbal communication.

Having a second set of eyes and ears. Even if the second person has the responsibility of taking notes, that auditor still hears and sees. Your colleague may very well notice something you missed, or connect the information with some other data with which you are not as familiar. Of course, the second person can also verify what was said in the event of a dispute.

In summary, I recommend that you always try to secure the services of another auditor when you conduct an interview. That second person frees you to concentrate on the real job at hand, asking questions and considering the answers. Even if you are conducting a one-person audit, try to borrow someone to go on interviews with you. You can always promise to repay the favor in the future. I think you will find that the power of two in interviews rewards you far more than the additional costs involved.

Sefton Boyars, CGFM, CPA, CIA, CFS, retired in 1996 from a 35-year career as a government auditor and audit manager. He had been the Regional Inspector General for Audit for the U.S. Department of Education for 16 years at the time of his retirement. He currently teaches continuing education classes for many organizations, including federal, state and local governments, professional associations, the USDA Graduate School, and Management Concepts, Incorporated. He received AGA's National Education and Training Award for 1998.

Central Kentucky Leadership Directory 2008-2009

President	Lee Ann Watters, CPA, CGFM Mountjoy & Bressler, LLP PO Box 5630 Frankfort, KY 40602 (502) 227-9000 lwatters@mountjoybressler.com	Membership	Roy W. Hunter, CPA Mountjoy & Bressler, LLP PO Box 5630 Frankfort, KY 40602 (502) 227-9000 rhunter@mountjoybressler.com
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**Central Kentucky AGA
Treasurer's Report
Month Ended February 28, 2009**

Reconciled Cash Balance 1/31/09 \$ 9,220.66

Receipts:

Re-deposit of July FPB Check	\$	50.00
February Program Revenue	\$	416.00
Fall Training Program Revenue	\$	600.00

Total Receipts 1,066.00

Total Funds Available 10,286.66

Less: Expenses (507.50)

Cash Balance 2/28/09 \$ 9,779.16

Expenses:

Monthly Speaker Donations		25.00
Monthly Catering - February		382.50
Monthly Meeting Site Rental		50.00
Member Donation to Fisher House		20.00
Withdrawal for Change		30.00

Total Expenses \$ 507.50

General Fund Expenses \$ 507.50

**Change in Cash Balance
Month February 28, 2009**

Cash Balance - January 31, 2009 \$ 9,220.66

Program Revenues	\$ 1,016.00	
	<u>-</u>	1,016.00

Expenses (507.50)

Net Income (Loss) 508.50

Reconciled Cash Balance - February 28, 2009 \$ 9,729.16

Proclamation

by

Steven L. Beshear
Governor

of the

Commonwealth of Kentucky



To All To Whom These Presents Shall Come:

WHEREAS, The Central Kentucky Chapter of the Association of Government Accountants (AGA) is a professional organization, part of the Association of Government Accountants, which has a network of 14,000 members in 90 chapters in the United States and around the world representing state, federal, municipal, and private sector accountants; auditors; and financial managers in Kentucky; and

WHEREAS, AGA Central Kentucky chapter members have responded to AGA's mission of advancing government accountability as it continues its broad educational efforts, with emphasis on high standards of conduct, honor, and character in its code of ethics, and are making significant advances both in professional ability and in service to the citizens of Kentucky by mastering increasingly technical and complex requirements; and

WHEREAS, The Certified Government Financial Manager (CGFM) program of AGA provides a means of demonstrating professionalism and competency by requiring CGFM candidates to have appropriate educational and employment history; to abide by AGA's Code of Ethics and to pass three examinations requiring expertise in Governmental Environment, Governmental Financial Management and Control, and Governmental Accounting, Financial Reporting, and Budgeting; and requires each CGFM holder to maintain certification by completing at least 80 hours of continuing professional education in government financial management topics or related technical subjects every two years;

NOW, THEREFORE, I, STEVEN L. BESHEAR, Governor of the Commonwealth of Kentucky, do hereby proclaim March 2009 as

**CERTIFIED GOVERNMENT FINANCIAL MANAGER
MONTH**

in Kentucky.



DONE AT THE CAPITOL, in the City of Frankfort this 14th day of January, in the year of Our Lord Two Thousand Nine and in the 217th year of the Commonwealth.

A handwritten signature in black ink, appearing to read "Steven L. Beshear".

STEVEN L. BESHEAR
GOVERNOR

A handwritten signature in black ink, appearing to read "Trey Grayson".

Trey Grayson
Secretary of State