

ASSOCIATION OF
GOVERNMENT
ACCOUNTANTS

AGA NEWSLETTER

WASHINGTON CHAPTER

MAY 1984

THURSDAY MAY 3, 1984 LUNCHEON MEETING TO FEATURE



SUSUMU UYEDA
AGA National President

speaking on

**"FINANCIAL MANAGEMENT IMPROVEMENTS
—FORM OR SUBSTANCE"**

at the

**SAM RAYBURN HOUSE OFFICE BUILDING
Room B-338, "C" and South Capitol Streets
Near Capitol South Metro Station**

Social Period	11:15
Luncheon	12:00
Cost	\$10.00
Open Bar	\$3.00

For Luncheon Reservations Call 695-7954
Telephone Reservations Accepted Until May 1, 1984

NON MEMBERS WELCOME

All Reservations Guaranteed

PRESIDENT'S MESSAGE



KEN WINNE
Joint Financial Management Improvement Program

May is the time when we pass the "baton" in our Chapter. I will be passing the leadership responsibility to an extremely capable and qualified new President, Virginia Robinson. Virginia has been active in the Washington Chapter for many years and in many different capacities. This year she was responsible for managing our budget and keeping our Chapter financially healthy, chairing our nominations committee and providing excellent counsel and advice whenever needed. It is heartening to know that the Chapter will be in such good hands next year under her leadership. I would ask that you give Virginia the same outstanding support you have given me during my tenure as President.

Knowing our Chapter will be in good hands, I would like to reflect a bit over the past year. In the beginning, I set certain goals for our Chapter year. These goals included:

Provide interesting and informative luncheon speakers. A ton of thanks needs to go to Tony Gabriel, our Director of Programs, who lined up an excellent slate of speakers for our luncheon meetings. We heard from John Block, Secretary of Agriculture; Arlene Triplett, Associate Director for Management, OMB; and Mike Causey, writer of the Federal Column, Washington Post, just to name a few. Our goal was achieved and not only were the speakers interesting and informative, but they also helped us attain our next objective.

Increase the attendance at our monthly meetings. Attendance overall at our monthly meetings is up by more than 20 percent. I think this can be attributed to our speakers, the excellent facilities at the Rayburn Office Building, our phone tree, where we remind numerous members about our monthly meetings, and last, but not least, Sue Fields our Meetings Director and her cadre of helpers who made the meetings run smoothly. At the May meeting, we should all take the opportunity to give Sue and her staff a special thank you for a job extremely well done.

Provide educational events which fulfill the needs of our members. Putting together and executing quality educational events is one tough job. Leading this effort, as I like to call them, the "dynamic duo" are Doris Chew and Ron Lynch. When I asked them to co-chair the Educational Directorate, they readily accepted and their ideas started rolling. In fact, they had

so many ideas and events planned we could not work them all in. Some ideas, such as the Financial Auditing Course and others, were turned over to the National Office for Capital Region events.

The results were excellent and topical training programs for our membership and, in addition, much needed revenue was brought into our Chapter.

Increase our chapter membership. Our membership has held steady this year. I would like to have seen an increase, but in times of austerity people have a tendency to tighten their belts. This is an area where we need constant support and push from all our members. Remember you the members are the "ambassadors" of our Chapter and it is you who sell AGA to others. Keep up the good work and sign up new members.

Have more members become active in the Chapter. This is an area where we, in my opinion, were very successful. Many members offered their time and services to the Chapter over the year. People really "came out of the woods." There were so many who helped during the year I can not begin to give each and every one credit. Some classic examples are the volunteers who agreed to help out with our Small Business Course, Volunteer Tax Assistance Program and the Professional Development Conference coming up in July. It is really heartwarming to see so many members respond to the call. I cannot thank all of you enough for this help and support.

Improve the image of financial managers in Government. As I have said before, this may be a lofty objective, but something we need to work at. We pushed the program on taking a non-financial manager to lunch and several members responded. Our Small Business Course was so well received that the Small Business Administration wanted to sponsor it nationwide. The Volunteer Tax Assistant Program and our Lorton Accounting Club show the public that financial managers are concerned about the elderly, low income and disadvantaged. I call these our out-reach programs, but in the process it helps to build a positive image for the governmental financial manager. Much more can be done, we have only broken the ice, but it is a start. Lets keep this momentum going and continue to improve the image of the financial manager in Government.

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WASHINGTON CHAPTER Executive Committee 1983-1984

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Virginia Robinson, GAO, 275-5071

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Ray Kudobeck, Education, 755-1625

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695-1070

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Carol Lynch, Education, 472-2395

Education

Doris Chew, JFMIP, 376-5415

Ron Lynch, Arthur Andersen, 862-3324

Newsletter

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Financial Management Assistance

Diane Bray, Treasury, 634-5720

Professional Development Conference

Gordon Harvey, DOE, 252-1943

Relations with National Office

Adam Shaw, DOD, 697-0585

Research

Ken George, ACTION, 634-9163

Joe Rothschild, HUD, 426-6240

Small Business Education

Chuck McAndrew, GAO, 254-9810

About Our Speaker This Month

Susumu Uyeda was designated executive director of the Joint Financial Management Improvement Program on March 6, 1978, by the four JFMIP principals—the Comptroller General of the United States, the Director of the Office of Management and Budget, the Secretary of the Treasury, and the Director of the Office of Personnel Management. Mr. Uyeda is responsible for developing and directing multiple interagency programs and projects relating to the improvement of financial management in the Federal Government.

Mr. Uyeda has had a long and distinguished career in the Federal Service. He began his career with the Army Audit Agency, where he served as assistant district manager of the Pacific District and program director in Headquarters. Between 1963 and 1967, Mr. Uyeda was with the Defense Supply Agency serving as Director of the Defense Eastern Regional Audit Office. In 1967, he moved to the General Accounting Office where he became assistant director in the former Office of Policy and Special Studies. Between 1969 and 1978, he was with the Office of Management and Budget, his latest position with that Office being Assistant for Interagency Accounting Systems.

Mr. Uyeda received his bachelor of science degree in accounting from UCLA and master of public administration from the American University. Among his personal awards are the Army Audit Agency's "Auditor of the Year" Award, the Comptroller General's Literary Award, and GSA's Public Service Award.

Mr. Uyeda is an adjunct professor at the American University and a part-time instructor for the University of Virginia. He is also an active member of the Association of Government Accountants and has served as the President of the Washington Chapter and the Capital Regional Vice President. Presently, he is the National AGA President. He received the AGA's National Distinguished Leadership Award in 1979 and Best Author Awards in 1979 and 1981.

STUDENTS HONORED AT APRIL MEETING

We honored outstanding students in the field of Accounting at our April Luncheon Meeting. The winners were selected by the faculties of the local colleges and universities. Each winner was given a certificate and a year's subscription to "The Government Accountants Journal." The winners were:

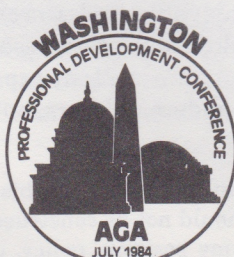
Henrietta Nelson
Pamela Johnson
Anthony D. Hulbert
Patrick McGowan
Herb Rendo
Sharon M. Mezzack
Claude Pupkin
Phillip Poovey
Gaile Borchers
Gabriella Mascitelli
Arthur Serratelli

University of the District of Columbia
Howard University
George Mason University
Catholic University
Strayer College
Ben Franklin University
University of Maryland
George Washington University
Southeastern University
American University
Georgetown University

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Before I leave I would like to announce that Chuck McAndrew has been selected to receive this year's Chapter Service Award. He did an exceptional job in putting together and running the Accounting and Financial Management Course for small businesses in the Washington Community. The course was an outstanding success with over 75 businessmen and women attending. As I mentioned before, the Small Business Administration thought so highly of the course they wanted to export it nationwide. We all need to give a special thanks to Chuck for his dedication and hard work for making this 17 session course such a success.

In closing, I would like to say being your President has been an honor and very rewarding experience. Our achievements this year could not have been accomplished without the help of so many people. I want to thank you for this support. Also, I want to give a special thanks to our Executive Committee who performed admirably. Without their untiring efforts none of this would have been possible. As I have said before, this is a dynamic, talented and resourceful Chapter, but we must not "rest on one's laurels." I trust that you will give Virginia and her Executive Committee the support and assistance to make this an even better Chapter. Thanks again, its been fun.



**REFORM AND TECHNOLOGY
A RENAISSANCE IN GOVERNMENT**

Restructuring Pay Options— An Evolutionary Approach

Captain John R. Herko, United States Army

The Joint Uniform Pay System—Army (JUMPS-Army) is constantly being improved by the Military Pay Redesign effort. Although very successful, JUMPS-Army has undergone some significant changes since its inception. Recently, Direct Deposit/Electronic Funds Transfer procedures have eliminated composite listings and individual checks to financial organizations for mid-month and end-of-month pay. Financial organizations now offer automated teller machines (ATM's) to provide round-the-clock cash disbursing services. Such was the popularity of ATM's that manufacturers could not keep up with demand. The speed of transferring information and verifying account data enabled financial organizations to start sharing their ATM's, thus enabling customers to access their accounts from the ATM's of other banks. The concept of shared ATM's quickly gained momentum and as a result there are currently 175 to 200 regional and six national shared ATM networks.

The national networks serve approximately 7,000 financial organizations, and it is believed that within the near future (2-4 years) some 18,700 ATM's will be available for use. As examples, one network intends to link 5,000 ATM's in 26 states. Another will link 3,000 ATM's in 47 states. These are impressive figures when one considers that only a total of 35,700 ATM's were installed in the United States at the end of 1982. One ATM manufacturer projects that 100,000 ATM's will be in use by 1990, and that 50% of them will be connected to one or more networks.

Automated teller machines are also being installed by overseas commercial financial organizations. As examples, Europe has over 13,500 operational ATM's in 13 countries, and Japan has over 8,000 functioning ATM's. One international network, based in the U.S., will link over 1,000 ATM's the first year of operation, and will expand that number to at least 8,000 during the next three years. The heart of the system will encompass nearly 400 ATM's at 250 key travel locations in more than 30 countries.

Without question, there is wide use and acceptance of ATM service. However, ATM's will not, in themselves, provide for the financial readiness needs of our soldiers. Automated teller machines represent only one service provided by the financial community to persons with banking accounts. The real financial readiness goal for the Army is increased soldier participation in SURE-PAY (check-to-financial organization pay option), while concurrently emphasizing the availability of increased service through ATM's.

An important aspect of SURE-PAY is the reduction of Treasury checks. Newly developed technology in processing and funds transfer systems vastly reduces payment costs, and highlights the inefficiencies and

problems with Treasury checks. Major efforts are underway in Congress, Office of Management and Budget, Treasury, and other Federal agencies to reduce, wherever possible, the volume and associated costs of issuing, processing and reconciling Treasury checks.

With emphasis from such varied and high-level agencies the question is not if, but when will the current check-to-unit, check-to-address, and cash (negotiable) check pay options be replaced by an electronic funds transfer system. Certainly not before a system is in place to handle such a change; however, we are rapidly approaching that point in time and capability.

The basic framework to provide soldiers world-wide access to their pay through SURE-PAY and ATM's on paydays is in place now. That framework consists of on-post financial organizations (including DoD contract banks overseas), commercial banks, commercial ATM networks, and cable and satellite international funds transfer networks.

Commercially, there are over 35,000 financial organizations in the United States providing banking services. Of these, approximately 180 banks and credit unions directly support the Army. In overseas areas, there are over 200 DoD contracted banking facilities. Globally, military banking facilities have more than 160 operational ATM's, with at least 30 more planned for installation over the next few years. What is missing is not the mechanism, but the willingness to tie the commercial and military capabilities together in a manner that meets the needs of the soldiers and their families.

SURE-PAY and networking of ATM's provide that tie. They allow a soldier to have a banking account at one location and the ability to withdraw cash from ATM's at many other locations. Although personal checks accomplish the same thing, ATM access is quicker, cheaper, and more certain than trying to cash a personal check. As a matter of fact, one manufacturer recently introduced an ATM that will cash checks payable to an account holder, and will dispense currency and change to the nearest penny. Importantly, an ATM network provides a realistic mechanism to meet the needs of the military family, who is subject to frequent and short notice moves.

SURE-PAY and ATM's can be the payment mechanism of the future. But strong, consistent and frequent cooperation and coordination among all parties is required. It must also be recognized that individual and mutual goals are achievable and worthwhile. Should mobilization or deployment be necessary, the Army will be a participant in a system capable of meeting the needs of commanders, soldiers, and family members.

(The views, opinions, and findings contained in this article are those of the author and should not be construed as an official Department of the Army position, policy, or decision, unless so designated by other official documentation.)

The 25th Annual Chapter Awards Program

by Jim Saylor, Chairman
Awards Committee

One of the most worthwhile programs of the Washington Chapter is the Awards Program which gives us the opportunity to recognize outstanding achievement in the improvement of financial management in the government service. In addition we also give recognition to one of our members for outstanding contribution to the Washington Chapter. Following are the winners of this year.

WINNERS of the 1984 AWARDS FOR OUTSTANDING ACHIEVEMENT

JAMES A. SHEALEY—Comptroller, U.S. Marshals Service. For significant contributions to planning and managing law enforcement and Federal Judicial Support Missions. Mr. Shealey's contributions have also enabled the Service to meet increasingly sensitive and demanding operational requirements despite decreases in personnel and budget resources. His determination, impeccable integrity, and his ability to provide creative solutions to complex problems have resulted in making financial management planning an integral management responsibility in a bureau where effective financial planning was previously thought to be impossible.

RICHARD W. BRADLEY—Deputy Director of Finance, Prince George's County, Maryland. For his role in making several significant improvements in County cash management for which an achievement award was received from the National Association of Counties. These cash management accomplishments include: bidding banking services, installing automated cash management and investment information systems, arranging for investment safekeeping and developing formal investment policies and strategies.

VINCETTE L. GOERL—Chief, Budget Formulation and Control Branch, Environmental Protection Agency. For outstanding leadership and excellence in developing and implementing an accurate, up-to-date, and flexible budget system, initiating a revised resource control system and developing an analytic base for an outlay projection system resulting in a computerized obligation and outlay forecasting system.

JAMES J. HOGAN—Chief, Audit Section, Drug Enforcement Administration. For outstanding leadership and achievement in the initiation and development of a comprehensive audit system for the Drug Enforcement Administration.

WINNER OF THE 1984 OUTSTANDING SERVICE AWARD WASHINGTON CHAPTER

CHARLES McANDREW—Systems Accountant, General Accounting Office. For outstanding service in the Washington Chapter, Association of Government Accountants. For his outstanding leadership and hard work in establishing the Small Business Education Program and coordinating the Chapter's Accounting and Financial Management Course for 75 members of the Washington Small Business Community. This course was so successful that the Small Business Administration wanted it to be presented Nationwide.

PAST PRESIDENTS HONORED

At our March meeting, we had the pleasure of honoring the past presidents of our chapter. We were especially pleased that ten members from this distinguished group were able to be with us. Those attending were:

T. Jack Gary, Jr.	1952
Andrew Barr	1953
Raymond Einhorn	1957
Gerald Murphy	1973
Joseph Donlon	1975
Susumu Uyeda	1977
Thomas Mundell	1978
Jean Kerr	1979
James Hickey	1980
Robert Pewanick	1982

Some of the other past presidents were unable to attend the meeting but sent their warmest regards to the Chapter along with a few comments on their current activities.

Karney Brasfield (1955) is still residing in Virginia. Although he was unable to attend this year, he'd like to stay in touch.

Clark Simpson (1958) is residing in Ellicott City, Maryland. Although he is physically unable to attend a meeting now, he would like us to keep in touch.

Alfred Golze (1960) is living in Sacramento, California, and is still keeping abreast of the State's financial position. He likes California and plans to remain there, but continues to hope he'll be able to attend a meeting with us.

Joseph Hock (1961) resides in Maryland. He looks forward to hearing from us even though he is unable to meet with us.

John Cooley (1972) is serving as Administrator of the Army's Internal Control Program. He is still en-



Past Chapter Presidents: standing (l) Jim Hickey, Gerry Murphy, Joe Donlon, Tom Mundell, Sus Uyeda, Bob Pewanick, seated (l) Ray Einhorn, T. Jack Gary and Andy Barr.

joying writing Cooley's Comedy Corner which is used in most AGA Chapter Newsletters.

John Reifsnnyder (1981) is still working in the General Accounting Office. He had planned to be with us, but he had a hot assignment that involved travelling at the time of our meeting.

NEWS FROM NATIONAL

AWARDS, COMPETITION PROGRAMS DRAW TO CLOSE Following usual custom, most AGA competition and awards programs are drawing to a close for the current year in the April-May period. The deadline for nominations for national awards was April 2; membership competition closes April 30; chapter activities competition closes April 30, with final reports due no later than May 10; and submissions for the newsletter competition are due May 1, following notification of the monthly issues which are to be considered for judging.

AD HOC GROUP WILL LOOK AT EDUCATION A special Education Review Council will be formed by President Uyeda to consider the thrust of AGA's education and training events in the context of the Association's overall objectives. The ad hoc group will operate under a charter, currently in draft form, which will detail the scope of its activity. The timetable calls for a report, with recommendations, to the National Executive Committee at its May 24 meeting.



Joe Donlon, Arthur Young & Co, with several Washington Chapter members at our March Luncheon Meeting.



Larry Hogan, Tony Gabriel, and Ken Winne exchanging anecdotes on cut-back management at our March Meeting.

BGFO Moves Toward Integrated Financial Management Collection Systems

By Diane M. Bray

The Bureau of Government Financial Operations (BGFO), Department of the Treasury is winding up efforts on its Governmentwide Collection System Study. The project, a joint venture between the Government and the Orkand Corporation, was initiated in 1982. At that time, an intensive effort was undertaken to identify the requirements of agencies' funds transfer mechanisms which are the key components of the Federal Government's collection system. Interviews were conducted with participating agencies to discuss program characteristics and collection procedures. To ensure state-of-the-art cash management technology, discussions were also conducted with the private sector. The experts selected for the research effort represented major corporations, financial institutions, third-party service suppliers, software houses, and trade associations.

The Collection Study recommends to BGFO a means of modernizing and improving the Federal system of collecting funds and processing accounting information. The conceptual design of the integrated financial management system being planned is heavily oriented toward the use of electronic funds transfer or wire mechanisms with the simultaneous movement of both funds and accounting data. The study classifies receipt flows into four basic types: small to medium recurring collections; small to medium nonrecurring collections; withholding and FICA collections; and large dollar collections.

Under the current system, small to medium dollar collections are received by Federal agencies who deposit the funds in the Treasury General Account (TGA) system. A limited but growing number of recurring collections are being sent directly into the Treasury lockbox network. Withholding, FICA, and several other categories of taxes are processed through the Treasury Tax and Loan system. Large dollar receipts are collected via wire transfer.

The conceptual design for an integrated collection system as defined by the Governmentwide Collection Study provides the following funds transfer mechanisms:

- **Cash Concentration (TGA system)**—This system utilizes a network of commercial depositories as key deposit points within the network. Collections are received and the appropriate accounting and deposit activity is telephoned to a central data concentration point. The network employs the automated clearing house system for funds concentration and settlement from the key deposit points. The funds are transferred from the central concentrator to the Treasury through a wire transfer.
- **Automated Lockbox**—A lockbox is a term applied to an arrangement whereby payors owing a Federal agency mail remittances and an OCR scannable document to a post office address that is serviced by a designated bank. The bank, acting as an agent for the payer, takes the payments from the lockbox, verifies the amount of payment, microfilms and micro-encodes the checks, and processes the checks. Funds received by the bank are processed the same day and the balance is wire transferred into the agency's account at the close of business.

- **Wire Transfer (Treasury Financial Communications System)**—The Treasury Financial Communications System or TFCS provides a computer interface between the Treasury Department and the banking community which offers a secure, instantaneous funds transfer mechanism. By employing this interconnected banking network, the Government can receive in a matter of minutes deposits originating from private sector organizations. Since the TFCS consists entirely of electronic transfers, checks and the accompanying collection time are completely eliminated and funds are available on the actual payment date.
- **Automated Clearing House (ACH) System**—An ACH by definition is a computerized facility which performs interbank clearing of prearranged, batched payment items submitted on magnetic tape or other machine processable media. As an example under the pre-authorized debit system, the payer authorizes the Government to automatically withdraw payments from a personal bank account. Other types of ACH services include: cash concentration (movement of collected funds to a central concentration point for transfer to the Treasury Department); and customer initiated entries (customer initiates action by directing his financial institution to pay a bill by sending an ACH credit directly to the Treasury Department).
- **Point of Sale**—The Point of Sale (POS) collection mechanism provides an efficient consumer-oriented electronic funds transfer based collection system. The POS is especially useful for over-the-counter collection types. When a payer enters the location, information concerning payment amount and what the payment is for is entered into a POS terminal. A debit card is used by the payer to authorize his financial institution to make payment. If funds are available, the financial institution will transfer funds through a clearing institution (TGA) concentrating collections. The terminal, linked to an on-line system at the agency, provides simultaneously update of accounting information and funds transfer.

By effecting these available collection tools, BGFO hopes to standardize and improve the efficiency of the manner in which funds owed the Federal Government are collected. These systems not only benefit the Treasury Department in the availability of funds, but offers the agencies administrative savings and enhancements to their accounting operations, internal control procedures, and planning and forecasting functions. If interested in pursuing any of these collection mechanisms, further information can be obtained by calling 634-5131.

Welcome New Members

William Grindstaff
Robert Kline
Lee Chevron
Ted Rabun
Dean Balamaci
Robert Silverstein

GAO
DOD
American Univ.
GSA
Treasury
Treasury

Did You Know . . .

by
John MacArthur

- Practitioners who provide their clients with opinions concerning tax shelter offerings will be interested in final regulations published by the Internal Revenue Service in the *Federal Register* on February 23, 1984. These regulations reflect "concern about the practitioner's opinion in the promotion of such shelters." The final rule states that practitioners who provide forecasts or projections must comply with the general rules concerning partial tax shelter opinions. The regulations are effective with tax shelter opinions rendered after May 23, 1984. A correction to this rule dealing with the definition of "tax shelter" was published in the *Federal Register* on February 27, 1984.
- Office automation is not merely technology; it is a tool to improve productivity, according to Josiane C. Isnard and Gerald K. Hofer, authors of an article entitled "the Office Effectiveness Audit" in the February, 1984 issue of *Infosystems*. The authors state that it is not technology in and of itself that motivates the move to office automation, but increased productivity and reduced costs. Managers contemplating an automated office should clearly understand that although high payback opportunities for productivity improvement exist, they must first be identified through a study of the people, paperflows, technology, environment and management in the workplace. The authors provide a comprehensive workplan consisting of techniques to evaluate these factors, and which include surveys, questionnaires, charts, and structured work steps, which have been successfully used in a number of organizations.
- Pending approval by various concerned associations and organizations the new Governmental Accounting Standards Board (GASB) is expected to be operational by mid 1984. The GASB is intended to function as a public sector counterpart to the FASB by establishing financial reporting standards for state and local government entities. Standards for all other entities will be the responsibility of the FASB which will also provide guidelines for organizations such as hospitals and universities that exist in both the private and public sectors. GASB will attempt to consolidate the differing accounting practices of the 100,000 state and municipal entities which in turn will allow more precision by investors in comparing financial data among various governments' issues. The GASB will replace the National Council of Governmental Accounting, a voluntary group that is affiliated with the Municipal Finance Officers Association. It is expected that NCGA statements will remain in effect until replaced or modified by the GASB.
- For a change, it appears that the private sector is emulating financial practices in use by the Federal Government according to a notice in the March, 1984 issue of the *Journal of Accountancy*. The National Automated Clearing House Association has devised a new system to eliminate the use of checks from the process by which companies pay for goods and services. This system is known as Corporate Trade Payments (CTP) and is expected to be more accurate and less costly than the check system. After receipt of an order, the selling company sends an invoice to the buying company which then delivers the CTP to its bank. The buyer's bank files the data through the Automated Clearing House (ACH) where it is picked up by the seller's bank and credited to the account. Of course the Bureau of Government Financial Operations has long been pioneering check-less inter-agency transfers such as Simplified Intragovernmental Billing and Collection (SIBAC), Journal Vouchers and Letters of Credit, as well as increased use of the Treasury Financial Communication System and direct deposit of salary and benefit payments.

We were saddened to learn that Joe Lewis, a Washington Chapter past president, passed away recently. Joe will be remembered for his active role in establishing AGA as a national organization. We will miss him.

NEWSLETTER

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