

Minutes
AGA National Executive Committee Meeting
June 20, 2009
New Orleans Marriott, New Orleans, LA

ATTENDANCE

Committee Present

- Samuel Mok, CGFM, CIA, National President, Washington, D.C. Chapter
- William Morehead, Ph.D., CGFM, CPA, National President-Elect, Jackson Chapter
- Thad Juszczak, National Treasurer, Washington D.C. Chapter
- Mary Lechner, CGFM, CPA, National Treasurer-Elect, Virginia Peninsula Chapter
- Ronald Cox, CGFM, Senior Vice President for Regional Services Section I, Indianapolis Chapter
- Karmen Stockman, CGFM, Senior Vice President for Regional Services Section II, Mid-Missouri Chapter
- Robert Bond, CGFM, Senior Vice President for Regional Services Section III, Northern Utah Chapter
- Kelly Stefanko, CGFM, CPA, Senior Vice President At Large, Virginia Peninsula Chapter
- Karl Boettcher, MBA, CGFM, Senior Vice President At Large, Washington, D.C. Chapter
- John Radford, CGFM, CIA, CFE, Senior Vice President, Presidential Appointee, Portland and Mid-Willamette Valley Chapter
- Zack Gaddy, CGFM, Senior Vice President, Presidential Appointee, Denver Chapter
- Gwen Sykes, MPA, CGFM, Senior Vice President, Presidential Appointee, Washington, D.C. Chapter
- Henry Steininger, CGFM, CPA, Corporate Partner Advisory Group Chair, Washington, D.C. Chapter
- Relmond Van Daniker, DBA, CPA, Executive Director

Committee Members Not Present

- Richard Fair, CGFM, CPA, Immediate Past National President, Trenton Chapter
- David Bennett, CGFM, CPA, Immediate Past National Treasurer, East Tennessee Chapter
- Deborah Davis, CGFM, CPA, CPFO, Senior Vice President for Regional Services Section IV, Chattanooga Chapter
- Richard Bunce, CGFM, Professional Certification Board Chair, Richmond Chapter

Other Present

- Lisa Casias, CPA, National President-Elect Designate, Washington, D.C. Chapter
- Joseph Kull, CGFM, CPA, National Treasurer-Elect Designate, Northern Virginia Chapter
- Wallace Alan Franklin, CGFM, CGA, Incoming Senior Vice President Regional Services, Section I, Boston Chapter
- Phillip Nally, CGFM, Incoming Senior Vice President Regional Services, Section IV, Central Kentucky Chapter
- Peggy Javery, MPA, CGFM, Incoming Senior Vice President, New Orleans Chapter

National Office Staff Present

- Cristina Barbudo, CPA, Director of Finance
- Evie Barry, Director of Performance Reporting
- Susan Fritzlen, Deputy Executive Director of Programs
- Anna Miller, MBA, CPA, Director of Research
- Bobby Derrick, CGFM, Field Representative

- Ray Harris, CGFM, Director of Chapter Operations
- Joe Jozefczyk, Director of Education
- Helena Sims, Director of Intergovernmental Relations
- Marie Force, Director of Communication
- Katya Silver, Director of Professional Certification Administration
- Michiyo Wheeler, NEC Liaison and Governance Manager

FORMAL NEC MOTIONS (The motion passed unanimously unless otherwise noted.)

MOTION #1: Approved agenda with amendment.

MOTION #2: DM 09-08 PMC Co-chairs
 DM 09-09 Southern Arizona Chapter Formation
 DM 09-10 Western Michigan Chapter Formation
 DM 09-11 Journal Editorial Board
 DM 09-12 Ethics Board
 DM 09-13 CEAR Board
 DM 09-14 Financial Management Standards Board
 DM 09-15 Professional Certification Board
 DM 09-16 Committee Chairs

MOTION #3: Approved DM 09-17 Revise the existing Chapter 14, Section A.3 and B.1 through B.4 and it was approved unanimously.

MOTION #4 Approved DM 09-18 Revision of the Professional Certification Board Charter.

MOTION #5 Approved DM 09-19 Governance Committee Charter

MOTION #6 Approved DM 09-20 Jeffrey S. Hart, CGFM, CFE, Past National President as the chair of the Governance Committee for the program year, 2009-2010.

FINANCIAL HIGHLIGHTS

- National Treasurer reported to the NEC that the Audit Committee re-awarded the audit contract to Councilor, Buchanan & Mitchell for another five years.
- The audit for FY09 was completed and results were presented by Tony Cuozzo, partner with Councilor, Buchanan & Mitchell, via conference call.
- AGA posted a total loss of \$187,503. Of this number, \$38,001 is from operations and the rest arose from use of Board-Designated reserves approved by the NEC and temporarily restricted funds. Tony discussed the highlights of the financial statements and the notes. He also commended the work of the Audit Committee and pursuant to their recommendation, the format of the statements of activities and changes in net assets was changed.
- National President raised a question about Note 10 – Commitments and Contingencies and asked Mr. Cuozzo for his best estimate of the worst-case scenario of our total liability should our contracts with hotels need to be cancelled. The range of exposure was not immediately available. The NEC initiated a discussion about creating a risk profile for AGA's operations and a mitigation plan for this risk. The National Treasurer volunteered the FBC to conduct the analysis and report back at the next NEC meeting.
- Mr. Cuozzo reviewed other documents issued in conjunction with the audit. The Significant Deficiencies Letter identified one deficiency in internal controls in the area of accounts receivable. The auditors found approximately \$9,000 that should not have been recorded as revenue. In addition, the NECCC owes AGA around \$50,000 for management services and other out-of-pocket costs. After management's review, an additional \$5,000 was reserved for uncollectible accounts and \$25,000 was reserved against the balance owed by the NECCC. Management's response to this issue was to give the CFO a more active role in the identification and follow-up of aged receivables.
- Mr. Cuozzo next reviewed the Business Advisory Letter and talked about the two control deficiencies that were identified: 1) the credit card was used by program directors without previous pre-approval from the CFO. Therefore, the CFO was not aware of charges until the monthly statement was received. The same authorization levels required for checks should apply to credit cards. Management responded with a new procedure in which pre-authorization from the CFO is required for every charge over \$5,000; and 2) the payments made to the Executive Director in excess of his regular compensation, such as his bonus, were not properly documented. Management responded by communicating this to the NEC. Following this meeting, proper documentation will be given to directly to the CFO about any such resolutions.
- National Treasurer reviewed sections of Chapter 14 which were approved by the NEC (DM 09-17)
- The National Treasurer reviewed the Executive Director's 11 Jun 09 letter certifying the adequacy of internal controls, as required by Section D-2 of AGA Standard Practice 14. The Executive Director identified three areas that required further strengthening of internal controls: accounts receivable, credit card usage approval and documentation, and documentation of reimbursable expenses in travel vouchers. The National Treasurer accepted this certification with one additional area for further strengthening: notification of the National Treasurer about early redemption of certificates of deposit.

DISCUSSION

- **Governance Committee** – Governance Task Force under John Radford's leadership has created a Governance Committee Charter (Approved charter is attached to the minutes.) While NEC is responsible for AGA's governance, the Governance Committee will play a role as the assistant to the NEC. The Governance Committee will not supercede the responsibilities of the Audit or Finance and Budget Committees. The purpose of the Governance Committee is to help AGA be a role model in the government accountability community. The following members agreed to serve on the committee.
 - Jeffrey S. Hart, CGFM, CFE, Chair, three-year term (one year as the chair)

- Diane L. Dudley, CGFM, CPA, Past National Treasurer and a member of CPAG, three-year term
 - Peggy V. Javery, CGFM, NEC member, three-year term
 - Doris Flores Brooks, CGFM, CPA, AGA member and Guam Public Auditor, two-year term
 - Kelly Stefanko, CGFM, CPA, NEC member and Governance Task Force member, one-year term
 - John J. Radford, CGFM, CIA, CFE, NEC member and Governance Task Force member, one-year term
 - Jeanette M. Franzel, CGFM, Managing Director, Financial Management and Assurance, U.S. Government Accountability Office, one-year term
- **Strategic Plan Focus Update** – Executive Director reported that 2,100 attendees were expected at the 2009 PDC (52 percent federal; 30 percent private sector; 8 percent state and local). The current economy no doubt caused the lower number of attendees from state and local government, but it is still important that we offer program topics geared toward this sector as it accounts for the highest portion of AGA's overall membership. The National President talked about using webinar technology for those who cannot travel to the conference. The National President also shared the idea of AGA being a thought leader for the American Recovery and Reinvestment Act (ARRA) by offering programs in addition to the Intergovernmental cooperation initiative to get the state and local community more involved.
 - **Issues from Regions**—Two successful Sectional Leadership Meetings (SLM) were held in Denver and Baltimore. One hundred sixty-eight members attended at the Denver SLM and 115 members attended at the Baltimore SLM. The National Office received great feedback from attendees at both SLMs. A recommendation was made to alternate the sections when planning the SLM. (i.e., combine Section 1 with Section 3 and Sections 2 and 4 next year creating North and South SLMs.) SVPRS noticed in the workshop portion of the SLMs, many discussions were focused on the problems that the chapters and regions were facing such as, membership, member education, chapter development, etc. SVPRSs compiled the list of 20 issues and divided them according to the National Coordinator category. The list will be given to the National Coordinators with a copy to the RVPs so they can help come up with the strategies to solve the problems at the National Coordinator meetings. Robert Bond, SVPRS Section III stated that many chapters in his section are struggling and asked National Office to still focus on these struggling chapters while supporting the expansion of new chapters. SVPRSs also raised an issue of losing membership from state and local governments, and asked National Office's support on this issue. For example, the Southeast region's membership is down 17 percent which is equal to 971 members. The main reason seems to be government budget cuts. SVPRSs shared the idea of having other NEC members attend the SLM to understand chapter and regional issues and problems. A complaint came from a few chapters about not receiving their chapter dues in timely manner.
 - **Chapter Development**—Ray Harris said that communication, tools and volunteer commitment are the key factors to move chapters forward. As part of the efforts to maintain ongoing communication with chapters, Senior Vice Presidents have quarterly conference calls with Regional Vice Presidents, and National Office Coordinator has quarterly conferences call with Regional Coordinators (the CGFM coordinators have conference call once a month). For the inactive chapters, a survey of the membership will be conducted to find out if there are any members who can take a lead on revitalizing their chapter. Ray Harris also talked about a possibility of using the audio conference capability as a tool to communicate with chapters to supplement the conference calls with the RVPs and Regional Coordinators. He stated that the audio conference with topics that the chapters need and are interested in might be the better communication tool than just relying of the SLMs and would reach more chapter leaders. Bobby Derrick, Field Representative reported that we currently have list of 21 possible new chapters. Twelve of them could develop into AGA chapters within a couple of years and six of them should

finish the chapter petition process by the end of this year, such as Naples and Miami, FL. He also noted that this year's SLMs were very successful.

- **Certification**— Katya Silver, Director of Professional Certification Administration, reported to the NEC that the University of New Orleans provided the space for the CGFM examination administration before the PDC and that it was going very well. She added that the Intensive Review Course was sold out every time it was offered. The CGFM numbers are growing and the Professional Certification Board (PCB) reviewed the charter and recommended some changes. The majority of the recommended changes were the updates of the information so that the charter reflects the current role of the board. The only significant change was the addition of the term limit of the members. The change was suggested and approved by the PCB. DM 09-18, revision of the PCB charter, was approved unanimously by the NEC.

Katya reported to the NEC that AGA is in the process of switching to the new testing vendor, Pearson Vue, as of July. Pearson Vue offers great customer service, high technology and high security testing centers. SVPRS Ron Cox asked to look into a way for members who want to take CGFM Exams from remote locations. The National President-Elect stated that he would bring this subject to the universities. Katya stated that this is an important issue, and AGA has reviewed the locations of the Pearson Vue testing centers as well as different options for remote locations. She added that when looking at alternative locations to the testing centers, the main concern is security as it is difficult to standardize the testing procedures when the exams are administered by multiple parties. By using the Pearson Vue testing centers with their secure environment, AGA will have all the necessary procedures during the testing administration. AGA also currently has the capability to offer CGFM Examinations onsite, as it has done with Auburn University Montgomery.

- **Emerging Leaders Focus Group** – This group was approved by the NEC in 2007. One of missions of this group is to engage young people with leadership opportunities at the AGA. The other mission is to provide resources for AGA to stay on top of the generational needs of its youngest members. Rodneikka Freeman, Membership Manager at the National Office, has taken the lead in engaging young members to participate in meetings and is using Facebook as an alternative discussion forum. NEC members and National Office were asked to keep the Focus Group in mind as a way to encourage younger members to get involved with AGA. The biggest challenge this group faces is to find a meaningful project to keep the younger people engaged. The National President spoke about the internship opportunity for those young leaders and encouraged members to consider offering internships.
- **Performance Reporting** – Evie Barry, Director of Performance Reporting, reported to the NEC about another successful CEAR Award dinner on May 20, 2009 at the National Press Club. The dinner speaker, Ed DeSeve, Special Advisor to the President, Assistant to the Vice President and Special Advisor to the U.S. Office of Management and Budget Director for Implementation of the Recovery was well received by guests. Communication to other federal agencies that do not participate has begun and the fee might be a deterrent. She also reported the new guidelines are being prepared. The Guidelines are based on the new A-136 requirements. She acknowledged and thanked Hal Steinberg for his dedication and hard work with the CEAR Program. We currently have four SEA reports in review. Ken Smith, Ph.D., professor at Willamette University and academic advisor for the SEA Program, and his graduate students developed a website that offers helpful hints in preparing and improving SEA reports. This has been a great addition to the program. Currently, the Performance Management Conference (PMC) for Nov. 5-6 in Seattle, WA is being planned. The Sloan grant funding ends in December. The other kit is the template for the participating group to help guiding them through creating reports. The tool kit will be developed by November 2009 and the training session will be held during the PMC. Kelly Stefanko asked about the future funding plans after the Sloan grant ends. The Executive Director stated there are some possible opportunities for additional funding but nothing is concrete as of now.

- **Emerging Issues**

Anna Miller, Director of Research, talked about having the third Emerging Issues Forum during the 2010 National Leadership Conference on a different day so the NEC can attend. The past two forums were held on the same date as the NEC meeting. The second Emerging Issues Forum was held in conjunction with 2009 National Leadership Conference. A white paper, "*A Report on Emerging Issues in Government Financial Management*," was developed after the forum, and distributed at the PDC and to members of the Administration and Congress. A session at the PDC was also be devoted to the findings in the paper.

- **Intergovernmental Partnerships**

Helena Sims shared the list of 19 deliverables completed by the Partnership for Intergovernmental Management and Accountability (Partnership). The Partnership's A-87 Work Group completed eight of the deliverables and some of them, like the risk assessment tool, have been extremely well received. The Leveraging Audits work group completed two white papers analyzing and comparing the Single Audit Act and the Improper Payments Improvement Act. In addition, the Partnership has assisted with regional intergovernmental dialogues that AGA has conducted on the American Recovery and Reinvestment Act of 2009 (Recovery Act). The Partnership conducted a precursor to the regional dialogues in Washington, D.C. on March 20. The dialogues, conducted on May 6 in Baltimore and in Portland, OR, on June 8, provided an opportunity for officials from the federal, state and local levels of to talk with one another. Attendance ranged from 170 to 300 individuals.

The government financial management community has begun recognizing the Partnership's work and has asked for assistance on some specific projects, which helps demonstrate the Partnership's value.

- **AGA Academy**—John Radford talked about activity related to the Academy since the last NEC meeting. The Dittenhofer Dissertation Award for Ph.D. students has been postponed. Academy members, Billy Morehead and the National Office staff met with staff from The George Washington University and discussed the possibility of partnering to establish a "Center for Government Accountability." After the meeting, a key university player left their post, so the talks were suspended. Staff, Academy members and Billy Morehead plans to meet with George Mason University on July 16 to discuss a similar plan. Morgan Kinghorn, CGFM, chair of Academy, along with the members and National Office staff will continue to explore future funding opportunities for the Academy.
- **CPAG Research**—Two Corporate Partners breakfasts were held. Gene Dodaro, CGFM, Acting Comptroller General of the United States, was featured guest speaker at the April breakfast and Ed DeSeve, Special Advisor to the President, Assistant to the Vice President and Special Advisor to the U.S. Office of Management and Budget Director for Implementation of the Recovery, was the featured guest speaker in June. AGA continues to be in a great position to continue fostering dialogue among governments and our 79 Corporate Partners.
- **AGA-Sponsored Training Courses**—The AGA-sponsored training program continues to grow – we now offer 19 onsite courses and gross sales for last fiscal year were \$112,000. The next step in the growing of the education program is to consider being listed on the GSA schedule. Staff is currently reviewing proposals from four companies to determine if getting on the schedule is the right move for the AGA. Several NEC members expressed concern about AGA being on the GSA schedule, particularly as it may compete with several Corporate Partners that also provide education services. The National President asked that more detailed information be provided to the NEC at the next meeting before moving any further on the issue.

ACTION LIST

NEC Members – Consider using the interns if there is an opportunity.

FBC – Present to the NEC a range for potential liability for hotel contract cancellations.

Relmond Van Daniker - Report to NEC on PDC's good and bad aspects.

Ray Harris – Continue to discuss communication strategies with the SVPRS.

SVPRSs – Present the list of issues that the chapters are having to the National Coordinators.

John Radford – Report back to the NEC about the status of funding opportunity for the Academy.

Joe Jozefczyk – Provide more information to the NEC regarding getting AGA's education programs on the GSA schedule.

FUTURE NEC MEETINGS

- **September 18, 2009** (the day after the Internal Control & Fraud Conference), Washington, D.C.
- **December 4-5, 2009** (Lunch at noon then 1–5 p.m. on Dec.4, holiday dinner with NEC and staff in the evening, 9 a.m.–noon on Dec. 5), Washington, D.C.
- **February 17, 2010** (the day before the National Leadership Conference), Washington, D.C.