



*AGA—
Addressing
Challenges in
Government
Financial
Management*

*Executive Session
White Paper
August 2006*

AGA's Strategic Plan Framework

Vision

AGA is the premier association in advancing government accountability.

Mission

AGA serves government accountability professionals by providing quality education, fostering professional development and certification, and supporting standards and research to advance government accountability.

Strategic Themes

Accountability • Certification • Education and Research • Service

Goals & Objectives

AGA's goals and objectives are derived to meet our members' and customers' needs.

ACCOUNTABILITY—*Promote and advance accountability in government*

- Promote the government accountability profession.
- Promote public awareness and confidence in the integrity, competence and professionalism of government accountability professionals.
- Be a leading source of information and knowledge on accountability in government.
- Alert government accountability professionals to emerging issues.
- Help shape legislation and regulatory proposals to affect accountability in government.
- Build relationships with other professional associations and private-sector organizations to expand AGA's influence in the government accountability profession.

CERTIFICATION—*Make the Certified Government Financial Manager (CGFM) the preferred professional designation in the government accountability community.*

- Advance the awareness, knowledge and value of the CGFM designation in the government accountability community.
- Promote public awareness and confidence in the integrity, competence and professionalism of CGFMs.
- Maintain certification competency through mandatory continuing professional education and strict adherence to AGA's Code of Ethics.

EDUCATION AND RESEARCH—*Provide comprehensive education and research to meet the changing needs of the government accountability profession*

- Develop the professional, management and technical skills of government accountability professionals.
- Facilitate and disseminate research of the government accountability profession.

SERVICE—*Provide members and customers with quality programs, products and services.*

- Attract and retain a diverse and growing membership.
- Provide leadership opportunities.
- Provide opportunities for networking.
- Use innovative technological approaches and methods to provide programs, products and services.

Core Values

Service • Accountability • Integrity • Leadership

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Background

More than 100 leaders in government financial management are finding solutions to major challenges facing the accountability profession. For the third year, AGA brought together the top minds in the field at its annual Professional Development Conference & Exposition (PDC) to discuss progress and new ideas in four areas: **Human Capital**, **Education and Research**, **Performance Reporting** and **Citizen-centric Government**.

AGA Executive Director Relmond Van Daniker, DBA, CPA, kicked off the June 18, 2006 session in San Diego, CA, by noting that the four task forces were given “homework assignments” last year and that advancements were made in all areas. The groups then met separately to come up with even more ways to move the profession ahead.

Human Capital

Local, state and federal government agencies are facing an enormous challenge: recruiting new workers and properly training existing ones to fill the openings left by retiring Baby Boomers. Forty percent of the federal work force is expected to retire over the next 10 years, and in more than half the states, one in five employees will retire over the next five years. With that backdrop, governments not only need talented college students to join the government work force, but the existing work force needs the proper tools to quickly move through the pipeline to fill leadership positions.

The task force discussed its accomplishments from the prior year:

- Launched 'Tomorrow's Professionals,' a new section of the AGA website on May 1. Geared to students and early-career professionals, the site provides information on how to get started in a government finance career, what skills are needed and other features.
- Started developing a CASE competition for college students that will require them to apply their classroom knowledge to solve a realistic governmental financial management problem. The top three teams will present their responses to a panel of judges at AGA's 2008 National Leadership Conference. The top team will be awarded a cash prize and a crystal award will be given to the school.
- Strengthened ties with the college accounting honors society, Beta Alpha Psi (BAP), through participation in the International Affiliates Group and Advisory Forum.
- Organized a panel session to focus on careers within the governmental financial management industry for the BAP annual meeting in August 2006 in Washington, D.C. The value of the CGFM certification is also set to be discussed in a separate session.

The task force also looked ahead to this program year, and decided to focus on two overarching issues: selling government financial management as a viable career option, and promoting AGA membership within the accountability profession.

Task force members discussed the many ways to promote work for the government:

- Increasing awareness of AGA's new 'Tomorrow's Professionals' website and expanding it to include links to available internships.
- Developing a public relations strategy to creatively reach students. AGA may be able to tap the marketing and recruitment expertise of AGA's corporate partners in this effort.
- Promoting AGA involvement not only in Beta Alpha Psi, but in other accounting organizations and clubs, public administration programs and more. AGA task force members have committed to speaking to as many organizations as possible.
- Developing early-career mentoring opportunities.
- Encouraging college websites, such as the BAP site, to include links to AGA.
- Developing a database of accounting department chairs, and using it to build relationships with them and encourage them to promote government careers to their students.
- Using AGA's high school and college scholarship process to find out whether the applicants are interested in financial management internships; that information can then be passed on to human resources directors.

Promoting AGA membership to managers and potential members was also considered a top priority. The idea was that professionals who join professional associations, attend educational sessions, become certified and take on leadership roles are better employees. If managers are sold on that idea, they will encourage their employees to get involved in AGA.

AGA, for its part, should actively work to increase the number of early-career members. The task force believes that early-career professionals need more leadership opportunities within AGA. “The younger the face of leadership, the more welcoming it is,” one task force member said.

Another member suggested revising AGA's chapter recognition program to award chapters that encourage early-career involvement in AGA. Chapters can share ideas through the best practices section of AGA's website.

Education & Research

Education and research are closely connected, and AGA has taken huge strides forward in these areas.

AGA's Corporate Partner Advisory Group (CPAG) has sponsored numerous research projects, and seven research reports have been published so far. Topics include performance auditing, federal purchase cards, Performance and Accountability Reports, federal financial controls and more. In fact, CPAG research report No. 2, *Financial Management Shared Services: A Guide for Federal Users*, was cited in a House of Representatives subcommittee oversight hearing and made part of the hearing record.

Six projects are in the works, covering process-based accounting, grants management, financial systems and others. As a direct result of the 2005 Education and Research Session, AGA began a research project to determine what kinds of skills, knowledge and abilities are needed for the next generation of government financial managers. Both CFOs and program-level personnel will be surveyed, and the study will address skills for both recent college graduates and experienced hires.

The Winter issue of AGA's *Journal of Government Financial Management* will include articles based on two other recent CPAG research reports, on performance auditing in the state of Washington and on evaluating the usefulness of federal Performance and Accountability Reports.

In another major step forward during the 2005-2006 program year, AGA reinvigorated its Academy for Government Accountability to support research and education initiatives. The board of trustees has awarded two dissertation projects (of \$2,500 and \$12,500) and plans to award two empirical research grants of up to \$25,000 each.

On the education delivery front, AGA greatly expanded the use of audio conferences as a means of offering quality continuing professional education at an affordable price. Roughly 7,000 accountability professional from AGA chapters, government agencies, private firms and academia learned about emerging topics such as homeland security audit coordination, Sarbanes-Oxley potential impact on state and local governments, identity theft, ethics and government contract audit issues. Several more audio conferences are scheduled for 2006-2007.

In addition, AGA added a new annual two-day Performance Management Conference (discussed in the next section) and will be offering a new two-day conference on Internal Controls and Fraud this fall.

Further, the AGA National Office and its all-volunteer regional governance teams provided direct educational assistance to its chapters by both speaking at chapter seminars and membership meetings and identifying top-notch presenters for chapter training programs. Also, work has begun on a national speaker/topic database for chapters.

The Summer 2006 issue of AGA's *Journal of Government Financial Management* examined the "looming crisis" in governmental accounting education in depth. Fewer graduates are entering the government accounting profession, and the task force hopes to reverse that trend.

The task force discussed these new ideas to consider starting this year:

- Examine how education and training programs are currently delivered to AGA members and how to improve the process. A survey, at the chapter level, can ask members about existing educational content and other ideas to explore for earning CPE hours in a convenient way.
- Answer the question, "Where are new government accountants coming from?" The task force envisions developing a survey for federal and state government officials. Sharing the survey results will help governments

focus on recruitment efforts that have been successful for other entities.

- Research student attitudes about the government accounting profession. How can graduates be persuaded to make government accounting their profession of choice? By surveying students, the task force hopes to identify critical factors students consider in making career choices.

Performance Reporting

The task force's goal for the breakout session was to update activities from the previous year, to develop "big ideas" to further performance reporting within government and to share experiences from those who have used performance reporting to advance good government.

Accomplishments in 2005-2006:

- Collaborated with International City/County Management Association (ICMA), National Association of State Budget Officers (NASBO) and other associations to market performance reporting by providing a series of articles on AGA's two successful Certificate of Excellence programs, Service Efforts and Accomplishments (SEA) on the state and local level, and the federal Certificate of Excellence in Accountability Reporting (CEAR) Program.
- Coordinated AGA chapter visits by Governmental Accounting Standards Board (GASB) staffers and consultants to promote the SEA Program and performance reporting. Between July 2004 and May 2006, 29 visits were completed.
- Held the first Performance Management Conference in Portland, OR, in November 2005. More than 200 professionals learned best practices from the experts, and government officials who produced outstanding SEA reports were recognized at an awards luncheon.
- CEAR recipients were honored in September 2005 and May 2006 at black tie dinners at the National Press Club in Washington, D.C.
- *Governing* magazine recognized the SEA Program in a February article on "Grading the States."

The participants agreed to explore the following initiatives for the 2006-2007 program year:

- Develop an outreach plan to encourage governments to create performance reports. Elements of the plan should answer the following questions: What is it? Why should governments consider performance reporting? Who should be doing it? How should performance reports be tailored to government officials? Public? Media? Should different reports be created for different stakeholders, and is that feasible? Governments also need to be educated on the cost of preparing performance data and the types of performance measures that can be used to improve government efficiency and effectiveness.
- Gather support for SEA reporting from the National Governors Association (NGA), the National Conference of State Legislatures (NCSL) and other associations by

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participating as speakers and panelists at conferences and educational seminars.

- Support standardization of metrics. Governments will see a greater benefit if they can compare themselves with similar governments. ICMA offers an excellent tool to help government officials make these comparisons in a document titled, *Comparative Performance Measurement*.
- Investigate uses of standardization initiatives, such as XBRL, perhaps by sponsoring a pilot project.

AGA will hold its second annual national conference on Performance Management, "Integrating Measurement with Management: Making the Connection," in Schaumburg, IL, on Oct. 30-31, 2006.

Citizen-Centric Government

Task force members believe that AGA can take the lead in advancing government accountability by encouraging governments to clearly communicate how taxpayer dollars are being spent. The information should be easily accessible to citizens and easy to understand. To that end, a group of task force members met in May 2006 and developed a draft prototype designed to help governments create a four-page report to communicate the 'state of the government' to its citizens. Governments would be encouraged to include the report in the local newspaper, which would provide easy access to the public and it would build trust in government. Ultimately, the report would answer the question, "Are we better off today than we were last year?"

Three members of the group then used the template to develop mock reports for the city of Virginia Beach, VA, the city of Saco, ME, and the city of San Marcos, TX. The task force reviewed the reports and further refined the prototype with the following items to consider:

- Include survey data if it is available.
- Steer away from using lots of numbers, instead utilize bar and pie charts to illustrate major revenues and expenditures.
- Consult with a design expert to produce an attractive, easy-to-read report (i.e., a tool kit that includes the prototype document along with a sample report).
- The report should also educate citizens—like a civics lesson on their community—in hopes that citizens would become involved in their government, or at least become more knowledgeable about it.
- Include web links to direct citizens online for more information.
- Once started, the report needs to be done every year and show trends.

Comments about the stakeholders who should be involved in the process:

- Focus Groups—Citizens can tell officials what information they would be interested in seeing in the report.
- Media—Reporters should be educated on the initiative.

- Chapters—AGA chapters can help to promote the Citizen-Centric report by attending City Council meetings or educating newspaper reporters. One suggestion was to award chapters bonus credits in the AGA Chapter Recognition Program if they participate in this initiative.
- Government officials—Their support is needed to undertake this initiative. A task force member suggested asking Comptroller General of the United States David Walker to contact selected state and local government leaders to convey the importance of this initiative.

Suggested information to be included in 4-page report:

Page 1

- Strategic Objectives—What are we chartered (required) to do?
- Demographic information

Page 2

- Notable Accomplishments—include three or four top services provided to citizens (public safety, public works, parks and recreation, schools)
- Include global performance metrics (non-financial) for those services

Page 3

- What Are the Costs for Servicing the Citizens and How Were Those Costs Paid For?—Include revenue and cost data (pie or bar charts) for major areas, and marry them with performance metrics.

Page 4

- What's Next? Future Challenges?—Include items specific to community (i.e., tax cuts or increases, closing of a major manufacturing facility, etc.)
- Infrastructure items

The Winter 2006 issue of AGA's *Journal of Government Financial Management* will focus on Citizen-Centric Government, with an article explaining the four-page document and its importance. The city of Virginia Beach report will be revised and inserted into the issue as an example. An article will accompany the report, and the issue will be distributed to key elected officials. The task group will continue to solicit feedback on the prototype document and work at encouraging governments to adopt the document to report to its citizens.

What's Next?

After summary presentations were made by each focus group at the Executive Session, Van Daniker asked participants to take on these issues. Staff liaisons will help each group coordinate conference calls, facilitate discussions and organize activities. Another discussion will take place during the 2007 PDC.

AGA—THE LEADER IN GOVERNMENT FINANCIAL MANAGEMENT

Participants (This list includes only those who signed up at the breakout sessions. Our apologies to those inadvertently left out.)

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About AGA

For 55 years, AGA has been dedicated to making government more accountable to the people it serves. As the only professional association representing financial managers across all levels of government, AGA offers a comprehensive education program. Through its national conferences, traditional classroom courses, convenient online offerings, audio conferences and dozens of training events offered by our 90 local chapters, AGA can meet the professional development needs of financial managers at the local, state and federal levels.

Sponsor

AGA graciously thanks its sponsor, Ernst & Young LLP, for helping to make this event possible. In addition to a financial contribution, Ernst & Young volunteers facilitated the break-out groups.





*Advancing
Government
Accountability*

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