

AGA History



T. Jack Gary Jr., CGFM



Raymond Einhorn, CGFM



*Celebrating
50 Years
1950-2000*

AGA Charter Members Recall the Organization's Early Accomplishments

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It's hard to imagine a time when federal accountants worked without a strict set of guiding principles, but two founding members of the Association of Government Accountants not only worked under those conditions, but also helped to change them.

T. Jack Gary Jr., CGFM, and Raymond Einhorn, CGFM, two charter members of what was then called the Federal Government Accountants Association (FGAA), recently recalled just what the organization was up against when it formed in 1950.

They also noted the vital role the organization played in bringing more professionalism and integrity to federal financial management by developing rigid accounting and auditing standards and a highly educated work force.

Nearly 50 years after that first organizational meeting at the old Raleigh Hotel in Washington, D.C., Gary and Einhorn are still active members of the Washington, D.C. Chapter and keep a sharp eye on government financial management issues.

In separate interviews in July, the charter members looked back on AGA's origins and expressed their views on its future.

Gary was interviewed by Dennis J. Duquette, CGFM, a member of AGA's Northern Virginia Chapter, who serves on the Journal Editorial Board. James B.

Durnil, CGFM, also a member of the Northern Virginia Chapter and the editorial board, joined Duquette in his interview of Einhorn.

Gary, the third National President from 1952-1953, and Einhorn, National President from 1960-61, have slightly different versions of the beginnings of FGAA. Both agree, however, that the impetus behind it was the belief that the government accounting profession needed an organization of its own.

Gary recalled a sense of dissatisfaction with the attention paid to the work of federal accountants within the American Institute of Certified Public Accountants.

"Back in those days, the AICPA paid no attention whatsoever to government," Gary said. In fact, he said there seemed to be an unwritten rule that no government accountant would ever serve on an AICPA committee. "We were completely excluded."

According to Gary, eight or 10 government CPAs, upset that they were getting little value for their dues dollars and feeling that the profession was being cheated out of a federal government viewpoint, discussed the idea of forming an organization that would specifically advance government accounting.

Einhorn recalls that the idea started within a group of prestigious federal accountants called the Round Table

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Group, so-named because they met at a circular table that could seat only 22. Einhorn was then co-program chairman of the group.

Gary acknowledges that the Round Table members also talked about forming a new organization. Both groups deserve credit, he said.

From there, Robert W. King, a well-connected participant in professional accounting societies, gathered about 20 practitioners to introduce the idea. The Federal Government Accountants Association was born on Sept. 14, 1950, with the issuance of 59 membership certificates.

Other key members were Paul M. Green, who asked Einhorn to join, Andrew Barr, who Gary called “one of the smartest people I ever knew,” and Walter Frese. Gary remembered him as an inspirational person who could work cooperatively with federal agencies.

Cooperation was critical in the 1950s. Without it, little could be accomplished, Gary said.

He said the state of federal financial reporting and auditing at that time was dismal. “It was a farce,” he said. With no single agency dictating strict accounting principles and no one to enforce those principles, there was no foundation on which to base an audit.

State and local governments didn’t do much better. He recalled his work with the Office of Revenue Sharing. When the Revenue Sharing Act was passed in the early 1950s, all state and local governments had to be audited. “We reviewed the audit reports from every state and found over 20 audits that we couldn’t accept,” he said.

Einhorn, too, recalls the sad state of affairs in accounting and internal auditing in the early days. The FGAA, recognizing this, beat the drum for strengthening accounting principles.

At the same time, Einhorn was invited to join what was called the Cooper

Committee, formed to assist the U.S. Department of Defense, which tackled an array of financial management issues. The emphasis was on cost as the basis for accounting, and as a result Einhorn made 50 or more speeches all over the country on cost-based accounting. He didn’t always get a friendly reception.

He said the budgeting professionals didn’t always agree with the concept. “The attitude was somewhere between adversarial or certainly unfriendly on the part of the budget side of the OMB (Office of Management and Budget), and I’m not sure whether it exists today.”

He also spent a large chunk of time during his tenure as a senior executive with the U.S. Government Accounting Office developing an accounting manual called Title 2. His role at the GAO was to reconcile the strong—and sometimes bitter—differences between the audit and accounting systems divisions. Gradually, with the approval of accounting systems, the two sides melded.

The government financial management environment at the time clearly called for an advocacy group such as FGAA, but none of the original members considered taking the organization national.

The organization was based in Washington, D.C., and since that was where national decisions were made, early members saw no need to expand. Members were zealous about preserving that status, Gary said.

But expand they did, by welcoming chapters made up of federal members working outside of Washington. Gary said eight chapters joined during his tenure as third president. Installation of the first chapter, Kansas City, was stalled for many months because some felt expansion would be a disaster, he said.

Expansion into the state and local government arena was even more

contentious. Gary and Einhorn themselves were against it at the time, but both later realized that the move was necessary.

The nature of federal funding was changing dramatically. In the 1960s and 1970s, domestic assistance programs expanded rapidly and federal funding was flowing to the states.

The need arose for accountability at the state government level, and the organization filled the need. The doors were opened to state and local finance officers in 1972, even though the idea had been around since 1963. To recognize the broader membership base, the organization's name was changed to the

Association of Government Accountants in its 25th year.

AGA has always focused on creating a more educated work force, with federal financial managers who are knowledgeable about the latest developments in the field.

"That has always got to be the theme of AGA," Gary said. He is most impressed by the annual Professional Development Conference, the Federal Leadership Conference and the State and Local Government Leadership Conference.

"Those three were really effective things to do," he said. Pulling out a sheet of paper, he read a statistic: 38,605

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continuing professional education hours were offered by AGA in 1995.

"I mean, when you consider that, that is a real contribution," he said.

Other numbers illustrate his point. While the first national conference drew a few hundred participants, last year's PDC in New Orleans attracted 1,450 professionals.

The development of the Certified Government Financial Manager Program was also lauded by Gary although he noted the long struggle to get it established. Gary himself was against the idea at first, thinking it would draw in a lot of "green eyeshade clerks," but he supported the professional manner in which the program was developed.

It took more than 20 years, but since its inception in 1994, more than 13,000 people have met the strict experience, education and ethics requirements and earned the designation.

Both Einhorn and Gary are CGFMs and see the designation as one of many milestones in their illustrious careers. Gary, a former Virginia state auditor, was a Richmond partner of Peat, Marwick, Mitchell and Company, and he served as the associate director of the Accounting Systems Division in the U.S. General Accounting Office. Einhorn, too, worked at GAO and also as the first director of audits at the National Aeronautics and Space Administration.

The charter members, with a unique view of the organization's history, also had thoughts on where AGA should be headed.

Einhorn believes AGA should do even more work with state and local governments and Congress. He'd also like to see AGA push for more government accounting classes in major universities.

Gary thinks AGA should continue to enhance its position as the premier educational organization for federal fi-

ancial managers. He'd like to see even more expansion of the CGFM Program, and he believes the AGA's review of federal agencies' accountability reports (through the Certificate of Excellence in Accountability Reporting Program) brings prestige to the organization.

Gary and Einhorn differ when it comes to whether AGA should delve deeper into its independent studies of government financial management.

Gary is concerned about cost and the immense amount of time needed to do a thorough research job. Einhorn, who earned the organization's first research award, thinks AGA should do much more.

He also believes that recognition of a job well done is key to encouraging more outstanding work in the field and in the Association. AGA gives out numerous national, state and local awards and chapters recognize the contributions of members through their own awards. In fact, the Washington, D.C. Chapter recently named its most prestigious award after the two charter members. This award was established in 1998 to honor the financial management excellence and AGA achievements inspired by Einhorn and Gary. Both charter members have done their share to help make AGA what it is today.

The objectives of the Association then—to improve accounting, auditing and internal controls—remain the same today. No longer focused solely on the work of federal government accountants, AGA now reaches out to state and local finance officers as well as public accounting firms and reaches more than 18,000 government financial managers.

It's been a rewarding ride.

"My association with this organization has been one of the greatest things in my life," Gary said. "I've enjoyed it more than anything I've ever done." ■