

President's Message



**J. Michael Winston, CGFM,
Chapter President**

UPCOMING EVENTS

**May 6, 2019 — Awards Luncheon
at DoubleTree**

May 15, 2019 — Fraud/Data Analytics*

June 12, 2019 — Leadership*

**July 21-24, 2019 — National Professional
Development Training
New Orleans**

Inside...

- ◇ Save the Dates
- ◇ Membership Incentive
- ◇ Spring Social Highlights
- ◇ Chapter Leadership Directory

* Webinar

Hello Nashville AGA Members! Welcome to our monthly newsletter for April. We have another packed issue for you this month. Our newsletter strives to educate and inform our members and others about the Nashville AGA Chapter, our activities and events, and to provide local perspectives on government financial management topics. I saw an article recently that got me thinking about what it means to be "local" (<https://www.route fifty.com/management/2019/04/state-public-employees-live-where-they-work/156369/>). Specifically, what does it mean to work for a governmental entity but live somewhere else? That is to say, does it matter that an accountant for Metro lives in Mount Juliet or an auditor for the State of Tennessee lives in Kentucky? State lawmakers in Illinois are exploring this very idea, and they would not be the first ones to enact legislation prohibiting it.

In Illinois, they are considering a so-called "residency requirement" that would compel state employees to become residents of Illinois within three months of their first day of employment. While that sounds strict, there are exceptions for existing employees, third-party contractors, and anyone who could successfully obtain a waiver. According to Senator Laura Fine, the lead sponsor of the legislation, she wants state employees to be taxpayers of Illinois because this "ensures that every state employee has the state's best interests in mind." On the one hand, I can see the "enhanced" personal motivation to protect the use of tax dollars that you paid, but as a CGFM, I have already committed to a code of ethics to perform my duties with integrity, objectivity, professional competence and due care.

Around the country, New Jersey enacted a similar policy in 2011, but in a few years more than 1,000 employees were granted exemptions. In Michigan, the state legislature voided a residency requirement in Detroit in 1999. In these two cases, there has been no research to support Senator Fine's claim that residents would make for better employees. Outside of financial professionals, an argument could be made for police officers or teachers living and building relationships in the community they serve. After all, many elected officials are required to reside in the area they wish to represent. While I am not aware of any efforts in Tennessee to impose a residency requirement, it is an interesting topic of discussion. What do you think about requiring government employees to be local residents? Send us your comments and thoughts and we may use them in a future newsletter (Michael.Winston@tn.gov).

In a growing city like Nashville, I am confident that many government employees live outside the jurisdiction of their employer. And for the Nashville AGA Chapter, I am sure many of our members live or work outside of Nashville, but I hope our name does not dissuade anyone from joining or being an active participant in our chapter. Personally, I have moved from Antioch to Nashville to Springfield to Clarksville, but throughout it all, I have always been a happy member of our local Chapter. Thank you for reading and thank you for being a member of AGA! If there is anything the Nashville Chapter can do to help our members, please contact me.

Best,

Michael

SAVE THE DATE!

2019 Remaining Luncheon Meeting Date

May 6, 2019 — DoubleTree

2019 Webinar Dates

April 24, 2019 — DATA Act

May 15, 2019 — Fraud/Data Analytics

June 12, 2019 — Leadership

2019 Remining CEC Meeting Date

May 1, 2019

2018-2019 Conference Date

July 21-24, 2019 — National Professional
Development Training —
New Orleans

Congratulations Kathy Stickel, CGFM, CPA!

Announcing AGA's National 2019-2020 Treasurer-Elect



Kathy is the director of the Office of Management Services for the Tennessee Comptroller of the Treasury. She began her work with the Comptroller's office as an auditor over 20 years ago. After auditing colleges and universities across the state for four and a half years, she became the manager of the State's CAFR. Six years later, she transitioned to a leadership role, assisting the director of state audit directly with division initiatives. She then moved into the operations division of the Comptroller's office as the assistant director of management services, before moving to her current director role in 2016, working with fiscal, budget, human resources, facilities, contracts and information technology. Kathy was a member of AGA's Financial Management Standards Board for six years. In addition, she was an active member of the Finance and Budget Committee for three years. She has served as president, secretary, education chair, and meetings chair of one of AGA's strongest chapters, the Nashville Chapter.

NASHVILLE NOTES

Membership

Recruiting New Members

As of our April luncheon, our membership count was 358. Currently, we have 13 members in the running for the \$100 Prize in our local recruiting competition to sponsor the most people between January 1 and April 30! That means everyone is still in the running! Continue to share the benefits of AGA membership with your coworkers and acquaintances. Sponsors receive three points and a \$10 gift card! Also, remember to renew your AGA membership.

New Members

Ms. Chare S. Gallimore

Mrs. Meagan Hinton

Mrs. Amanda Z. Lockhart

Mr. James G. Spradley

Ms. Amber Velotta

PDT Drawing and \$45 Dollar Chapter Reimbursement

A drawing will be held at the May luncheon for the winner of a free trip to New Orleans for the AGA Professional Development Training (PDT) on July 21-24, 2019. The members' points spreadsheet is posted on the Chapter's website. If you are interested in your progress toward the PDT drawing (and toward the membership renewal rebate), please review the spreadsheet. For the PDT drawing: Each member with 25 points will be entered in the drawing once. A member with 30 points will be entered twice. For every point over 30, the member is entered an additional time!



Earn 30 points throughout the 2018-2019 AGA year from participation in activities such as meetings, educational events, community service participation, and sponsorship of new members AND renew your full membership (not Student or Early Career) by March 31, 2019, and the Nashville Chapter will reimburse you \$45.



Melvin Jones, Nashville Chapter Member, spoke at the legislative devotion group on Wednesday, March 20, 2019. Several chapter members were in attendance. His message related to the honor of serving God and using faith principles in serving God and the citizens of our state. He urged that elected officials must comprehend the responsibility they have in their positions and exhibit good character.

Colossians 3:23 "And whatsoever ye do, do it heartily, as to the Lord, and not unto men;"

John F. Kennedy "Let us not seek the Republican answer or the Democratic answer, but the right answer. Let us not seek to fix the blame for the past. Let us accept our own responsibility for the future."

THE TENNESSEE STATE CAPITOL IN THESE HALLS

*In these halls are truth and justice
In these halls where freedom lives
In these halls I find sweet solace
In all that these halls represent
People drive by and may not notice
This beautiful symbol on the hill
They may not feel the pride I feel in me
But take notice one day they will
We were blessed to be born in this nation
To have symbols like this one here
We are blessed to live in Tennessee
Where the Volunteer Spirit shows no fear*

*No fear of a life lived in service
No fear of losing life in defense of our own
No fear of doing what is right
Even when the world tells us we're wrong
In these halls live our traditions
In these halls our state's dreams are fulfilled
In these halls, Life and Liberty thrive
All our hopes, by Grace, are made real*

Lyrics By Melvin Jones, Jr. ©
April 24, 2008; edited 3.20.19

NASHVILLE NOTES

Chapter Officers for 2019-2020

The Nominating Committee, led by Chapter President-Elect Jennifer Garoutte, has completed its work of selecting new officers and directors to serve in the upcoming chapter year (2019-2020). Congratulations to those selected and thank you for your willingness to serve our chapter in such an important leadership role! These individuals will be sworn in at our May luncheon.

President - Jennifer Garoutte

President-Elect - Rachelle Cabading

Immediate Past President - Michael Winston

Secretary - Donna Jewell

Treasurer - Nichole Crittenden

Treasurer-Elect - Katie Armstrong

Two-Year Directors: Nathan Abbott

Terry Burr

Bridget Carver

Maria McCormick

Alexander Warns

One-Year Directors: Melissa Boaz

LoriAnn Davis

Melissa Lahue

Mary Anne Queen

Drew Sadler



Chapter Bylaws Update

The Nashville Chapter is updating its bylaws, and we need our members to review and vote on the changes at the May Luncheon on May 6. Details of the proposed changes are available on the chapter website (www.NashvilleAGA.org). Please make plans to attend this meeting and have your voice heard!

- Creating National Council of Chapters (NCC) Representative position
- Updates to match governance changes at AGA National
- Increasing Chapter Executive Committee (CEC) quorum
- Effective: July 1, 2019

Documents:

1. [Summary of Chapter Bylaw Changes](#)
2. [Chapter Bylaws – Red-Lined Copy](#)

Contact

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or

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with any questions.

Chapter Members to Vote on Changes

- May 6, 2019 -
at the Monthly Luncheon

“WHAT’S IT ALL ABOUT?”

By Jerry E. Durham, CGFM, CPA, CFE

By “it” I mean, the work we do. Maybe I can best describe what our work is all about by describing something it’s not about.

Every two years, at about this time of year, we undergo an external peer review. (Please don’t stop reading, this article is not about peer review.) Our peer review for the fiscal year ending June 30, 2017, begins on August 1st. Auditing standards require peer reviews once every three years, but the Department of Audit has chosen to have this review performed every two years to coincide with the comptroller’s election. Peer review is a very important, although stressful, ordeal.

As you all know, I see peer review as our ultimate audit client. Peer review tells us we are on target with auditing standards and that our documentation proves our compliance. Out of 90 audits, only six audits are normally selected for review, so the likelihood of one of your audits being chosen is fairly low. If one of your audits is chosen, your mind probably turns to that audit as you try to remember whether there were any unusual issues or problems. As important as our ultimate audit client is, peer review is not what it’s all about.

Our core values are Honesty and Integrity, Accuracy and Reliability, and Accountability. Another way to sum up these core values is to say we strive to be Ethical. Ethical Audits. That’s what our work is all about!

Why am I addressing this subject now? First, I’ve just completed my mandatory two-hour ethics course offered through the State Board of Accountancy. But beyond that, ethics has been on my mind lately, because of a situation I heard of involving an auditor. (While this example is based on a true story, it has been dramatized for emphasis.)

- ◇ The auditor had a close personal relationship with the auditee.
- ◇ The auditor did not inform his supervisor of the relationship.
- ◇ The auditee did not have any findings.

When information about the closeness of the relationship was revealed, it called into question the independence of the auditor, and the way the audit was performed. To maintain our independence, auditors need to be particularly mindful of close relationships with our auditees. It really is easy to get close to our audit clients. Many of them are very nice people, and after we have audited them for a few years, it is natural for a relationship to exist at some level. If you sense your relationship with a client has grown to an unethical level, you should notify a Senior Auditor. Auditors must maintain independence in mind and appearance. If you sense a relationship is too close, others within the government have probably already noticed this as well. I’ve heard Jim Arnette, Director of Local Government Audit, say more than once that auditors are under increased scrutiny these days, and I believe that is true.

What does “ethics” mean? Is it the same as morals? And how does one become an ethical auditor? Ethics means we do the right thing even when no one is watching and whether anyone will know.

We readily recognize ethical breaches in other professions and situations – Cheating on a test, using performance enhancing drugs in a sport, creating fake lab results to back up research in a scientific study, selling a product that is defective. Hopefully, no one is taking performance enhancing drugs to improve your audit ability. But consider the similarities between cheating on a test, fake lab results, and defective products to the following examples.

Each time you sign your initials to an audit procedure, you are saying that you really did do the work. You sign your initials hundreds of times during an audit. You don’t sign your initials as documentation for peer review, you do this because it is right according to auditing standards for documentation. Your initials are your word. If I sign my initials to procedures I haven’t performed, is that the same as telling a lie? For Senior Auditors who review the work of other auditors, your initials mean you have really looked at the work performed by other auditors.

The exact same thing is true for Contract Review Specialists, except that you are reviewing the work of CPA firms. The fact that you work at home and often don’t have anyone reviewing your work, makes ethical values a particularly important aspect of your daily life.

Another example might be sampling. When the risk assessment based on existing internal controls requires that we should perform a test using a sample size of 40, we are ethically bound to perform a sample with 40 items rather than 25. It would not be ethical to make our documentation fit a situation whereby we would only choose a size 25 sample.

Continued....

“WHAT’S IT ALL ABOUT?”

By Jerry E. Durham, CGFM, CPA, CFE

Single audit provides unique ethical dilemmas. For example, auditors could document internal controls or other information, so that a program is considered low risk or high risk, with the intent to choose only the program(s) the auditor wants to audit. This is not that hard to do, but unless we followed the Uniform Guidance in making those decisions, it is not ethical? If you have questions, always be sure to ask.

In my opinion, we have an ethical minded staff. Peer review agrees with my assessment. Some of you may be ethical because of your personal core values – morals. Moral values are based on a belief system. That belief may be a faith in God, it may be faith in what your family taught, or it may be a faith in something you have learned to be the best way to live. Our moral values define who we are and what we will stand up for regardless of the situation, but moral values may or may not relate to audit ethics.

Auditing standards are neither moral nor immoral. However, if an auditor does not follow auditing standards, he or she is not an ethical auditor. The converse is also true, if an auditor follows auditing standards, he or she is an ethical auditor. This is true even though the auditor may, by someone’s definition, otherwise be immoral.

The following rationalizations do not provide an ethical framework to make audit decisions, but these types of rationalizations can easily slip into our thinking patterns unless we are very intentional to avoid them:

- ◇ Everyone does it
- ◇ It has always been done that way
- ◇ We haven’t been caught by peer review
- ◇ It really doesn’t hurt anyone
- ◇ The system is unfair
- ◇ It’s a gray area
- ◇ I was just doing what I was told
- ◇ I can’t get done without cutting corners

As an auditor you are faced with dozens of ethical decisions each day. Honesty and Integrity, Accuracy and Reliability, and Accountability — these core values directly relate to our audit ethics and provide the foundation for another important aspect of our jobs, that is, our jobs directly relate to the public trust. This is what our job is all about. I encourage you to be true to yourself, and to be true to the standards by which we audit.

Our moral values define who we are and what we will stand up for regardless of the situation, but moral values may or may not relate to audit ethics.

Jerry Durham, Assistant Director —
Standards Research and Compliance,
Contract Audits, and Audit Plans and Forms

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define who we are
and what we will
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Spring Social

A good time was had by all AGA members and guests who attended "The Rock of Ages Tenth Anniversary Show" at TPAC. We enjoyed the big bad hair band music from 1980s Hollywood such as "Know What Love Is," "Feel the Noise," and "Take Your Best Shot" by hit bands such as Styx, Poison, Twisted Sister, and Whitesnake, among many others. Many could hear audience members singing along in the background! (You know who you are!)



News And Just The Facts

Awards Committee

The Awards Committee would like to share with you an update to the AGA Nashville Chapter Policies. The Community Service Committee requested changes to the Appendix of Policy 7 (the AGA Point Policy). On September 5, 2018, the Chapter Executive Committee (CEC) approved the changes to the community service points structure related to volunteer time and to sponsorship of donation boxes. The changes to the Appendix of Policy 7 are as follows:

	Former	New
Volunteer (in person)	3	<1 Hr Event – 1 pt 1-3 Hr Event – 2 pts 3+ Hr Event – 3 pts
Sponsoring a drop box	1	1-2 boxes – 1 pt 3-4 boxes – 2 pts 5+ boxes – 3 pts

The changes are effective as of the date of approval (9/5/18).

FINAL POINTS STANDING AS OF MARCH 31, 2019 , IS AS FOLLOWS:

<u>Chapter Recognition Section</u>	<u>Points</u>	<u>Maximum</u>	<u>Percentage</u>
Chapter Leadership, Planning & Participation	5,650	5,000	113%
Education & Professional Development	7,200	4,000	180%
Certification	2,525	4,000	63%
Communications	5,475	3,000	183%
Membership	4,000	4,000	100%
Accountability	450	2,000	23%
Community Service	1,400	2,000	70%
Awards	600	1,000	60%
TOTALS	27,300	25,000	109%

LUNCHEON / CEC MINUTES

To read the minutes from the most recent CEC and luncheon meeting, please visit the chapter website at www.nashvilleaga.org. The luncheon minutes will be presented for approval at the next business meeting scheduled for the next program year.

JOB OPPORTUNITIES

From time to time departments forward job opportunities to the Website Committee, which are posted for members' convenience. If you are interested in new job offerings or know someone who is, go to this link for detailed information — <http://nashvilleaga.org/jobs.html>

Editor's Corner

We truly enjoy reading articles submitted from our membership. Please share your thoughts and ideas or interesting news with us by submitting your article to Britt.Wood@cot.tn.gov no later than May 15, 2019 for the next edition of our newsletter. If you have any questions, please let me know.
Thanks!

2018-2019 AGA Chapter Leadership Directory

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