

**AGA’s Certified Government Financial Manager (CGFM)
Examinations Content Outlines
(effective 9/1/2024)**

Note: text in red has been modified or added, compared to the previous content outlines.

Examination One—Governmental Environment

I: Organization, Structure and Authority of Government (16%)

A. Differentiate between the levels of government, including:

1. The three levels of government: federal, state and local.
2. The interrelationships among the three levels of government: federal, state and local.

B. Differentiate between the branches of government – legislative, executive, judicial – including:

1. The roles of the three branches.
2. The interrelationships among the three branches.
3. The checks and balances through separation of powers among the three branches.

C. Examine the components of federal, state and local governments (e.g., central management and accountability agencies, departments, agencies, bureaus, commissions, divisions).

D. Identify the authorities and responsibilities of the government (e.g., government-wide and departmental), including:

1. The federal government, its hierarchy and constraints (e.g., U.S. Constitution, federal laws, executive orders, rules and regulations).
2. The state governments, their hierarchies and constraints (e.g., U.S. Constitution, state constitutions, state laws, executive orders, rules and regulations).
3. The local governments, their hierarchies and constraints (e.g., state constitutions, state laws, local charters, local ordinances, executive orders, rules and regulations).
4. Tribal governments' sovereignty and their relationships with federal, state and local governments.

E. Identify the authorities and responsibilities of the different types of governments, including:

1. The differentiation among general-purpose governments, special-purpose governments and quasi-governmental entities (e.g., federal, states, cities, counties, territories, authorities, school districts, government corporations, government-sponsored enterprises).
2. The interrelationships among general-purpose governments, special-purpose governments and quasi-governmental entities.
3. The role of jointly governed organizations (e.g., transit agencies).

II: Legally Based Implications of the Government Financial Environment (15%)

A. Recognize the implications of sovereignty in the levels of government, including:

1. The meaning, application and limitations of sovereign authority.
2. The power of governments to tax and borrow.
3. The process of establishing monetary and fiscal policy.

B. Demonstrate an understanding of the budget, including:

1. The role and significance of the budget in government and its relationship to strategic planning.
2. The objectives of the budget (e.g., policy document, operations guide, financial plan, communications device).
3. The objectives of the budget process (e.g., define priorities, debate policy, allocate resources, identify revenue sources).

4. The legal aspects of the government budget (e.g., control levels, spending limits, fund types, balanced budgeting).
5. The principles of legislative control over governmental finance (e.g., appropriating funds, establishing spending levels, establishing spending conditions).
6. How the executive branch controls spending (e.g., monitoring budget execution, planning for allocation of resources over time and among programs).
7. How judicial decisions affect government spending.
8. The role of other budget control devices (e.g., apportionments, allotments, commitments , encumbrances/obligations, funds, function, department, activity, object).
C. Recognize special funds, dedicated revenues and related legal requirements.
D. Explain legislative “earmarking.”
III: The Government Management System (Cycle) (15%)
A. Describe the elements of the government management system, including strategic planning, programming, budgeting, operations, accounting, reporting and auditing.
B. Identify the interrelationships among the elements of the government management system.
C. Recognize the importance of data in decision making in the government management system (cycle).
IV: Governmental Financing Process (20%)
A. Recognize the role of taxation, including:
1. The elements of tax policy (e.g., what to tax, who to tax, how much to tax, why to tax).
2. The various types of taxes for each level of government, and the roles and advantages of each type (e.g., income, wealth, consumption).
3. The nature and role of tax expenditures.
4. Tax limitations and exclusions.
B. Explain intergovernmental and other revenue, including:
1. The differences among contracts, shared revenues and financial assistance (e.g., grants, cooperative agreements and loans).
2. The differences among the types of grants (e.g., formula grants, discretionary grants, block grants).
3. The requirements and expectations of the grantor, grantee and subrecipients throughout the grant lifecycle, including the role of the Uniform Guidance.
C. Identify other forms of financing, including:
1. Other forms of government revenues (e.g., investment income, user fees, licenses, lotteries, donations).
2. The rationales for establishing user fees (e.g., recover costs, expand service capacity, encourage or limit use of services).
3. The use of leases and public-private partnerships.
D. Explain the role of debt, including:
1. Purposes of entering into debt.
2. Factors that should be considered before entering into debt (e.g., ability to pay, purpose, interest rate, tax base).
3. The types of debt limitations (e.g., statutory, bond covenants).
4. Factors that should be included in debt policies (e.g., available tax base, debt maturities).
5. The various types of financing options (e.g., notes, bonds, lease-purchase, certificates of participation).
6. The sources and methods of repaying debt (e.g., dedicated taxes, user fees, general revenues).
7. The role of credit-rating agencies in the debt issuance process.
8. The role of insurance and guarantees in the debt issuance process.

V: Concepts, Definitions and Notions of Public Accountability (16%)
A. Recognize the meaning and purpose of accountability in the government environment (e.g., the Inspector General (IG) Act of 1978 , the Chief Financial Officers (CFO) Act of 1990).
B. Recognize the fundamentals of accountability, including:
1. Levels of accountability (i.e., policy, program, performance, process and probity/legality).
2. Elements for which a government should be accountable (e.g., compliance, reporting, operations and systems/control).
3. Primary stakeholders in accountability (e.g., legislators, public, other governments, investors, creditors, underwriters, future generations).
4. Groups that help to establish and maintain accountability (e.g., legislative bodies, media, management, auditors, analysts, employees, public).
C. Identify the methods used to demonstrate and assess accountability and transparency (e.g., audit reports, performance reports, oversight hearings, program evaluations, service efforts and accomplishment (SEA) reports, electronic reports).
D. Recognize the techniques used to assess fiscal sustainability and solvency.
E. Explain concepts of open government, data transparency and citizen-centric reporting (e.g., Digital Accountability and Transparency Act of 2014 (DATA Act), Evidence Act , Freedom of Information Acts (FOIA) , open checkbooks, open book, sunshine laws).
VI: Ethics as Applied to the Government Environment (10%)
A. Apply key concepts related to ethical responsibility to the public, professional conduct (e.g., actual or perceived conflicts of interest, independence, objectivity, due care) and the sources of guidance (e.g., the AGA Code of Ethics).
B. Determine the steps a government financial manager needs to take to avoid a conflict of interest and to ensure objectivity and independence.
C. Explain the concept of due care in the performance of professional duties.
D. Identify activities or situations that are inconsistent with the responsibilities of public officials and employees.
E. Determine the appropriate course of action to avoid the reality or perception of the improper use of one's office for personal gain.
F. Explain personal responsibility as it relates to organizational codes of conduct (e.g., whistle blower, nepotism).
VII: Providing Government Services and Information Electronically (8%)
A. Recognize delivery of government services and e-government (e.g., driver's license renewal, online bill and tax payment).
B. Examine stakeholder real-time access to information, including electronic financial reporting.
C. Identify the use of various media and tools for communications and providing services (e.g., websites, apps, mobile devices).
D. Explain security, cybersecurity and privacy considerations (e.g., the requirements of the National Institute of Standards and Technology (NIST), encryption).

Examination Two—Governmental Accounting, Financial Reporting and Budgeting

I: Governmental Financial Accounting, Reporting and Budgeting: General Knowledge (40%)

A. Analyze the influences, objectives and role of standards, including:

1. The unique financial aspects of the governmental environment that differ from the private sector (e.g., profit versus service, importance of budget).
2. The concept of interperiod equity.
3. The objectives of governmental financial reporting (e.g., financial accountability, budgetary accountability, program accountability).
4. The major uses of governmental financial reporting (e.g., budgetary compliance, compliance with laws and regulations, assessing financial position, assessing results of operations, assessing sustainability).
5. The characteristics of information in governmental financial reporting (e.g., understandability, reliability, relevance, timeliness, consistency, comparability).
6. The roles of the Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB), and Federal Accounting Standards Advisory Board (FASAB).
7. The role of the International Public Sector Accounting Standards Board (IPSASB).
8. Due process in the setting of accounting standards (e.g., discussion memorandum, invitation to comment, preliminary views, exposure draft, public hearing, task forces).
9. The purpose of the hierarchy of generally accepted accounting principles for state/local and federal accounting and financial reporting.
10. The basic concepts and requirements of Open Government financial reporting.

B. Apply the concepts of managerial cost accounting and fee establishment, including:

1. The purposes for accumulating and reporting cost information.
2. The concept of full cost of outputs, incorporating inter-entity costs.
3. The requirements of FASAB Statement of Federal Financial Accounting Standards (SFFAS) 4, as amended: Managerial Cost Accounting **Standards and Concepts**.
4. Determining the costs under an intergovernmental cost-reimbursement contract or grant (as outlined in the Uniform Guidance).
5. Identification of the methods for assigning and allocating costs in a given situation (e.g., direct, indirect).
6. Computation of the fee to be charged to a user.
7. Various cost recovery objectives (e.g., total direct costs, operating costs, full costs, replacement costs, incremental costs).

C. Recognize the concepts of budgeting, including:

1. The key elements of the budget process, from provision of initial guidance through **forecasting**, preparation, review, **public engagement**, adoption, execution and accounting.
2. The structure of the budget (e.g., organizational unit, program, function, category, character, fund, line item, object).
3. The features of various budgetary approaches (e.g., baseline, line item, program, zero-base, performance).
4. The various means for financing capital projects, including the role of a capital budget.
5. The methods of forecasting revenues and expenditures.
6. The various means of budgetary control (e.g., revenue monitoring, encumbrance/obligation control, vacancy controls, allotment, apportionment).

D. Recognize the general principles of governmental financial accounting, including:

1. Basic accounting processes (e.g., debits, credits, ledger accounts, stock and flow statements, accounting period).

2. The differences among the various measurement focuses and bases of accounting (e.g., economic resources, current financial resources, cash, accrual, modified accrual).
3. The effect of applying the various measurement focuses and bases of accounting to specific transactions.
4. Exchange and exchange-like versus non-exchange transactions.
5. How to adjust the allowance for doubtful accounts under alternative methods (e.g., percentage of sales or percentage of accounts receivable).
6. The differences among various methods of valuing inventory (e.g., First-in, First-out (FIFO), Last-in, First-out (LIFO), average cost).
7. Situations that require recording depreciation and calculation of the same.
8. Recording contingencies (e.g., judgments, claims).
II: State and Local Financial Accounting and Reporting (30%)
A. Apply GASB standards to determine the reporting entity, including component units.
B. Identify the purpose of each fund type within each fund category, and its related basis of accounting.
C. Identify the form and content of the Annual Comprehensive Financial Report (ACFR).
D. Recognize the purpose of popular reporting.
E. Identify the form and content of the basic financial statements, including:
1. Government-wide financial statements.
2. Fund-level financial statements.
3. Notes.
F. Determine the reporting of fund balance in governmental funds.
G. Identify the form and purpose of required supplementary information (RSI).
H. Determine how to measure, record and report the purchase of capital assets.
I. Determine how to measure, record and report the incurrence and repayment of general long-term obligations in a governmental fund.
J. Determine how to measure, record and report common, fundamental current assets and liabilities, revenue, expenditures, and other financing sources and uses when using modified accrual basis of accounting (e.g., property tax, grants, shared revenues, capital outlays, bond proceeds, debt service, payroll, accounts receivable).
K. Determine how to measure, record and report common, fundamental assets, liabilities, revenue and expense transactions when using accrual basis of accounting (e.g., taxes, grants, shared revenues, capital assets, long-term debt, operating expenses, pensions, payroll, accounts receivable).
L. Recognize types of interfund transactions, and how they are accounted for.
M. Explain how to consolidate or eliminate transactions between the fund level and the government-wide level for governmental activities.
N. Recognize the required disclosures for cash deposits with financial institutions and investments, including repurchase agreements.
O. Recognize the option and criteria for using the modified approach for infrastructure.
P. Recognize the state and local budgetary equation.
Q. Identify the entries for recording the budget, modifying the budget and recording encumbrances and expenditures.
R. Recognize the differences between budgetary information and the generally accepted accounting principles (GAAP) information.
S. Explain how to reconcile the fund financial statements to the government-wide financial statements.
T. Identify government combinations (e.g., mergers and acquisitions, transfers of operations).

III: Federal Financial Accounting and Reporting (30%)

A. Differentiate the role of FASAB and the **interrelationships** among the Office of Management and Budget (OMB), U.S. Department of the Treasury and the Government Accountability Office (GAO) in federal financial accounting and reporting.

B. Define key budgetary terms (e.g., budget authority, budgetary resources, object class, outlays, receipts, offsetting collections, deficit).

C. Recognize the federal budgetary equation.

D. Determine the relationship and differences between budgetary and proprietary accounting.

E. Identify types of funds (e.g., general, trust, revolving).

F. Describe the use of the U.S. Standard General Ledger.

G. Determine how to record common, fundamental budgetary transactions (e.g., appropriation, apportionment, allotment, commitment, obligation, expenditure).

H. Determine how to record common, fundamental proprietary transactions (e.g., warrants, accounts payable, payroll, accounts receivable, pensions, investments, depreciation).

I. Determine the reporting entity (e.g., consolidating entity, disclosure entity, related parties).

J. Identify the elements of an agency financial report (AFR) and a performance and accountability report (PAR).

K. Identify the purposes, form and content of the basic financial statements.

L. Recognize the concepts of consolidation and intragovernmental transactions.

M. Identify the purposes and form of the notes to the financial statements.

N. Identify the purposes and form of required supplementary information (RSI).

O. Recognize the concept of Fund Balance with Treasury.

P. Recognize the concepts of accounting for loans and loan guarantees (Credit Reform Act).

Q. Identify basic requirements for the U.S. Consolidated Financial Report.

Examination Three—Governmental Financial Management and Control

I: Financial Management Functions (22%)

A. Recognize concepts of cash management, including:

1. Legislation that affects governmental cash management.
2. Controls appropriate for governmental cash management.
3. Considerations in establishing banking relationships (e.g., competition, servicing, compensating balance).
4. Techniques for accelerating collections (e.g., electronic fund transfer (EFT), centralized collections, lockboxes, eCollections).
5. Techniques for timely payment (e.g., warehousing payments, EFT, credit cards, electronic invoicing).
6. The role and control of electronic payments (e.g., smart cards, benefit cards, EFT).
7. The existence of and the need to identify, prevent and recover improper payments.

B. Recognize concepts of investment management, including:

1. Relationships among risk, liquidity and yield, and the associated tradeoffs.
2. Types of investments for operating funds and pensions.
3. Fiduciary responsibility, including the duty of loyalty and duties to care, act in a prudent manner and diversify plan assets.
4. The components of an investment policy, including standards of care, objectives, conflicts of interest and authorization.

5. Investment management considerations (e.g., selection of money managers, role of prudent experts, understanding of markets, monitoring and evaluating performance, risk assessment/avoidance, internal controls).

C. Recognize concepts of loan and loan guarantee programs and debt collection, including:

1. The components of loan and loan guarantee programs (e.g., rationale, credit extension, account servicing, debt write-off, performance measurement).

2. The components of delinquent debt collection (e.g., salary and refund offsets, collection agencies, delinquency rates, aging, reporting requirements).

D. Demonstrate an understanding of procurement management, including:

1. The elements in the public procurement process (e.g., authorized procurement officials, compiling a bidders list, public advertising, preparing and issuing an invitation to bid (ITB) or a request for proposal (RFP), evaluating proposals, awarding the contract, writing the contract).

2. Techniques for assuring full and fair competition (e.g., advertising, direct contact to likely vendors, registries).

3. Contract efficiencies (e.g., purchase cards, bulk purchasing, inter-agency procurements).

4. Evaluation selection criteria (e.g., past performance, delivery time, price).

5. The monitoring and acceptance process to ensure that contract specifications are met.

E. Recognize concepts of property management, including:

1. The elements of a property management system (e.g., record keeping, safeguarding, maintenance, reporting).

2. The procedures for property disposal (e.g., identifying surplus, disposition methods).

F. Recognize concepts of operating materials and supplies/inventory management, including:

1. The elements of an operating materials and supplies/inventory management system (e.g., policies, classifications, controls, reorder decisions).

2. Ways to safeguard operating materials and supplies/inventory (e.g., physical control, tagging, periodic inventory, stewardship, radio-frequency identification (RFID)).

G. Recognize concepts of financial and other information systems, system development, and technical tools, including:

1. Types of financial systems (e.g., integrated and stand-alone systems, and mixed financial systems).

2. System requirements (e.g., technical, functional, user).

3. Types of financial system software (e.g., enterprise resource planning (ERP), customer relationship management (CRM), enterprise performance management (EPM) and financial planning & analysis (FP&A)).

4. System sourcing options (e.g., shared services, commercial-off-the-shelf (COTS), cross-servicing, outsourcing, custom designed).

5. Business process re-engineering (BPR) and development methodologies (e.g., development, testing and deployment).

6. Data management (roles and responsibilities, availability, quality and security).

7. System hosting: on-premise, hybrid and cloud service offerings (i.e., software as a service (SaaS), platform as a service (PaaS), infrastructure as a service (IaaS)).

8. Technical tools (e.g., robotics process automation (RPA), machine learning (ML), artificial intelligence (AI), business intelligence).

H. Recognize concepts of shared services, including:

1. Service offerings, planning, transition steps and costs of shared support services.

2. Importance, advantages and disadvantages of shared services.

I. Recognize concepts of project management, including:

1. Phases of project management.

2. The constraints of project management.
3. The impact of project management on governmental financial management objectives.
II: Financial and Managerial Analysis Techniques (20%)
A. Conduct the following analyses: present value, future value, cash flow, pay-back, trend, ratio analysis, strategic sourcing, regression analysis, earned value management and flowcharting.
B. Identify the sources of information used and reliability of the data for financial and managerial analysis (e.g., accounting records, performance records, financial statements, census data).
C. Explain the use of forensic auditing techniques.
D. Recognize the concepts and types of data analytics and data analysis.
III: Internal Control (25%)
A. Identify concepts of internal control, including:
1. The objectives of internal control.
2. Internal Control – Integrated Framework as specified by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
3. Internal control standards as specified by the Government Accountability Office (GAO) and the Office of Management and Budget (OMB).
4. The concepts of cost-benefit and reasonable assurance.
5. Identification and correction of internal control deficiencies.
B. Explain how to apply internal control to:
1. Programs and operations, including information technology.
2. Financial reporting.
3. Compliance.
4. Fraud, waste and abuse prevention and detection.
C. Recognize internal control responsibilities, including:
1. Management's responsibility to establish, monitor, remediate and report on internal control.
2. Management's responsibility for detecting and reporting fraud, waste and abuse.
3. Management's oversight of shared service providers and the use of System and Organization Controls (SOC) Engagements.
4. The independent auditor's responsibility regarding internal control.
5. The roles of the internal auditor in the internal control process.
D. Recognize the internal control evaluation process, including:
1. The process for documenting and assessing internal control.
2. The roles of management and the auditor in the evaluations of internal control including the risk of fraud, waste and abuse.
E. Identify the internal control reporting process, including:
1. How management reports on internal control, including the use of various types of assertions.
2. The auditor's reporting on internal control.
F. Recognize concepts of enterprise risk management (ERM), including:
1. Relationship to internal control.
2. Application of ERM (e.g., continuity of operations plan (COOP), human capital planning).
IV: Performance Measurement/Metrics/Service Efforts and Accomplishments (SEA) (13%)
A. Identify the objectives of financial and non-financial performance measures.
B. Recognize how performance measures relate to organizational goals and objectives.
C. Identify how financial and non-financial performance measures are linked.

D. Recognize how financial and non-financial performance measures are integrated with the strategic plan and budget.
E. Describe the uses of performance measurement and reporting to demonstrate public accountability and transparency.
F. Describe the uses of performance measurement and reporting to improve allocation of resources and oversight of performance.
G. Describe uses of performance measurement and reporting to improve effectiveness and efficiency.
H. Recognize the types of performance measures: inputs, outputs, outcomes and efficiency measures.
I. Distinguish between the characteristics of performance measurement data (e.g., relevant, understandable, comparable, reliable, timely, verifiable, actionable, cost-beneficial).
J. Identify baselines and benchmarks.
K. Identify the role of stakeholder input in the performance process.
L. Recognize the legal requirement and guidance for performance measurement.
V: Auditing (20%)
A. Recognize the role of auditing, including:
1. Types of auditors (e.g., external, internal).
2. Objectives of financial audits.
3. Objectives of attestation engagements.
4. Objectives of performance audits.
5. Uses of audit reports.
6. The concept of materiality.
B. Recognize the role of auditing standards, including:
1. The sources of auditing standards for audits of government organizations.
2. The interrelationships among various audit standards-setting organizations (e.g., the Government Accountability Office (GAO) and the American Institute of Certified Public Accountants (AICPA) Auditing Standards Board).
3. Characteristics of auditors (e.g., independence, professional judgement, competence, quality control and assurance).
4. The concept of auditor independence and the impact of non-audit professional services on independence.
5. Standards for financial audits.
6. Standards for attestation engagements.
7. The responsibilities of the auditor in an audit follow-up program.
8. Fieldwork and reporting standards for performance audits.
9. The types of information that are considered sensitive in a government audit (e.g., taxpayer information, payments to informants, the Health Insurance Portability and Accountability Act (HIPAA) data, personally identifiable information (PII)).
C. Recognize the responsibilities of the auditee, including tasks related to:
1. Preparing for and procuring audit services.
2. Supporting the audit process.
3. Preparation of the management representation letter.
4. Audit follow-up and corrective action plan based on audit findings.
5. The role of an audit or audit advisory committee.
D. Recognize the components and requirements of the Single Audit Act, including:
1. The scope and purpose.

2. The required reports.

3. The role of the Office of Management and Budget (OMB).

4. The responsibilities of recipients and subrecipients.