

Certification Name: Certified Government Financial Manager

Designation: CGFM

04-Dec-97

Society

Association of Government Accountants
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Major Requirements

Education: BA

Years of Experience: 2

Examination Required: Yes

Continuing Education Required: Yes

Maintenance Required: Yes

Directorates

Chief of Staff

Programs

Chief of Staff

CERTIFIED GOVERNMENT FINANCIAL MANAGER PROGRAM

The Certified Government Financial Manager (CGFM) program offers professional certification for individuals who acquire and maintain the knowledge and skills required for specialization in the field of government financial management. Government financial managers recognized by the program work at any level of government, the private sector, or academia and have experience in one or more of the following areas:

- financial systems design, implementation or operation;
- budget formulation, execution, or analysis;
- development, implementation or interpretation of accounting and auditing policies and procedures;
- audit of financial operations, financial statements, internal controls, or compliance with laws and regulations;
- audit or evaluation of program performance or operations;
- audit of contract compliance or costs;
- financial report design or preparation;
- financial planning or analysis;
- cost or program accounting systems or asset management systems development or operation;
- information resources management, or electronic data processing;
- government financial management training course design or instruction;
- investigation of financially related fraud or criminal activities; or
- other experience as deemed acceptable by the Professional Certification Board.

A standardized examination is now being developed for the program. For more information about the Certified Government Financial Manager (CGFM) Program, visit the [AGA National Home Page](#).

NOTE: Carol Codori, Director of Certification, AGA National Office, will be speaking about the status of the CGFM designation at our Luncheon Meeting on March 13, 1997. Please join us. RSVP to Amy Draper (512) 473-4201



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ABOUT AGA

Since 1950, the Association of Government Accountants has been -- and remains today -- *the* educational organization dedicated to the enhancement of public financial management worldwide. AGA serves the professional interests of financial managers from local, state, and the federal governments, as well as public accounting firms, responsible for effectively using billions of dollars and other monetary resources everyday.

AGA's original objectives were to: unite professional accountants for constructive endeavors; to encourage and provide a means for free interchange of ideas; to aid in the improvement of accounting and auditing; and to contribute to the improvement of education. Today, AGA has expanded on its original objectives to offer a variety of materials and services to meet a wide spectrum of financial management professional needs.

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The Certified Government Financial Manager Program: Examinations and Content Specifications

The Association of Government Accountants (AGA) and its Certified Government Financial Manager (CGFM) Program are pleased to provide this information regarding requirements to become a CGFM.

As a prerequisite to becoming a CGFM, a candidate will have to pass three separate examinations. Examination 1 will cover the governmental environment. Examination 2 will address governmental accounting, financial reporting and budgeting. Examination 3 will focus on governmental financial management and control.

In order to sit for any examination, a candidate must have a Bachelor's Degree, including at least 24 credit hours related to government financial management topics. Before or after passing all three examinations, and before a certificate is awarded, a candidate must have at least two years of professional experience in government financial management.

The content specification outline that follows highlights the subjects covered in the three examinations. It is presented in its initial format on AGA's home page to give those interested in preparing for the CGFM examinations an awareness of topics and basic study materials. The general list of study materials also posted in the CGFM section of the home page represents broad topics on the examinations.

In the home page version, no attempt has been made to weigh the amount of coverage given to a particular topic in any of the three separate examinations. This outline may be changed in the future as new subject matter becomes part of the body of knowledge for government financial managers. Details will be contained in a printed brochure, now under development.

The Professional Certification Board is targeting July 1997 for the initial, or Beta, phase of testing. Please continue to access AGA's home page for updated information.

If you are interested in the possibility of taking any of the CGFM examinations at no cost during the Beta phase, please fax your interest, with name, address and phone/fax numbers to 703-519-0039. The brochure that is now under development will be mailed to you.

CGFM Examinations: Content Specifications

The CGFM content specification outline serves the following purposes:

- Establishing the foundation from which the three CGFM examinations will be prepared.
- Providing consistent coverage on the three CGFM examinations over time.
- Providing information to assist candidates in preparing for the three CGFM examinations.

The AGA's Professional Certification Board ("the board") believes that CGFM candidates should have a general familiarity, understanding and appreciation both of the governmental environment in which they serve as well as the many specific disciplines, functions and activities that comprise the field of financial management. The board recognizes that while certain principles and practices of these disciplines, functions and activities are applicable to all levels of government, other principles and practices are unique to a particular level or levels of government. Finally the board recognizes that some of these disciplines may be covered by specific certification programs. However, no waivers will be given for passing related examinations.

Considering these factors, each of the three separate examinations will be structured to require a candidate to demonstrate a general familiarity, understanding and appreciation of the subject area. However, portions of each examination, particularly Examination 2 - Governmental Accounting, Financial Reporting and Budgeting, will require a more detailed knowledge of specific techniques, standards, procedures and practices unique either to the federal government or state and local governments.

The computerized examinations will be given by appointment through Sylvan Technology Centers in the United States and at selected international sites. Candidates may take any of the three examinations, in any order, at a single sitting. Candidates must pass all three examinations within five years. The detailed outline follows.

EXAMINATION 1 - GOVERNMENTAL ENVIRONMENT

A. Organization and Structure of Government

1. Levels of Government - The three levels of government (federal, state, local); the interrelationships among the three levels; and the components of each level (such as departments, agencies, special-purpose governments).
2. Branches of Government - The roles of the three branches (legislative, executive and judicial) of government; the interrelationships and the checks and balances among the three branches.
3. Authorities and Responsibilities of Government - The basis for the authorities and responsibilities of each level of government (such as constitutions; laws; and rules and regulations); the hierarchy within the basis; and the limitations placed on the responsibilities and authorities of each level of government.
4. Special-Purpose Governments/Quasi-Governmental Entities - Distinction between general and special-purpose governments; the purposes, sources of authority and the powers of special-purpose governments/quasi-governmental entities.

B. Legal and Other Environmental Aspects of Government

1. Implications of Sovereignty - The concept of separation of powers in government; the meaning and implications of sovereign authority, including the power to tax and borrow and the ability of the federal government to create money; the constraints or controls on the exercise of power, such as checks and balances and the political process.
2. Central Role of the Budget Process - The role and significance of the governmental budget; objectives of the budget process (define priorities, debate policy, allocate resources) and of the budget itself (as a policy document, operations guide, financial plan and communications device); legal implications of the budget; the principle of legislative control over governmental finance; how the budget controls spending; integration of budgeting with planning, accounting and reporting.
3. Other Legal Aspects - Use of special funds and earmarking of funds as a means of fulfilling legal requirements.

C. Interrelationships Among Planning, Programming, Budgeting, Operations, Accounting, Reporting and Auditing

1. The Management Cycle - The roles of planning, programming, budgeting, accounting, reporting and auditing in the management cycle.
2. Interrelationship Among the Elements - The relationship of each element in the management cycle to each of the other elements in the cycle (planning the goals and objectives, budgeting

resources based on established goals and objectives, using the accounting system to control the budget by encumbering and vacancy control, reporting to monitor and improve operations and auditing to improve operations and fulfill accountability).

3. Other Aspects - The elements of planning and the role of economic assumptions in the planning process; types of reporting and use of performance measures to improve operations, achieve accountability and assess accomplishment of program goals and objectives.

D. Governmental Financing Process

1. Taxation - Tax policies (what to tax, who to tax, how much to tax, why to tax); types of taxes (income, property, sales and estate) and the roles and advantages of each; tax expenditures; tax limitations; assessment and equalization process.
2. Intergovernmental Grants and Shared Revenues - Differentiation among contracts, grants and shared revenues; types of grants; requirements and expectations of the grantor and the recipient.
3. Other Forms of Revenue - Other forms, such as user fees, licenses and lotteries; rationale for user fees, such as recovering costs, encouraging use of a service or limiting use of a service.
4. Debt - Purposes of debt; factors considered before entering into debt (ability to pay, purpose of the debt, interest rate and tax base); factors affecting debt policy (available tax base and debt repayment period); types of debt (bonds, notes, certificates of participation); debt limitations (statutory, bond covenants); sources and methods of repaying debt (earmarked taxes, general taxes, user fees); role of credit-rating agencies.
5. Financing of Governmental Colleges, Hospitals, Special Districts, Public Authorities, School Districts and Other Special-Purpose Governmental Entities - Methods of financing these entities, including appropriations from the primary government and other levels of government, user charges and fees, donations and trust fund income.

E. Public Accountability

1. Concepts, Definitions, Notions of Accountability - Meaning and purpose of accountability in government; key attributes of accountability (disclosure, organization structure, reporting); role and interrelationships among those attributes.
2. Those to Whom the Government is Accountable - The primary beneficiaries of accountability (legislators, taxpayers, other governments, investors, creditors, underwriters, analysts, future generations) and how they are benefited; groups that help maintain accountability (legislative bodies, media, management, employees).
3. That for Which Accountability is Demonstrated - Matters for which government should be accountable (financial, compliance, performance for efficiency, performance for effectiveness).
4. How Accountability is Demonstrated and Assessed - Methods to demonstrate accountability (financial reporting, internal control reports, performance reports); methods used to assess accountability (audit reports, performance reports).

F. Ethics in Government

1. General Responsibilities as a Professional - Nature of professional and ethical responsibilities to public, governing organizations, taxpayers, constituents, service recipients, peers, subordinates; appropriate courses of action in situations involving potentially conflicting professional or moral concerns.
2. Acting in the Public Interest - The concepts of independence and objectivity; relationship between independence and fairly representing the public interest.
3. Maintaining Professional Integrity - Professional integrity and its impact on the public trust;

professional integrity regarding the public trust over personal gain and advantage; appropriate courses of action involving professional integrity in the absence of guidance or in the face of conflicting opinions.

4. Applying Objectivity and Independence - Avoiding conflict of interest; assuring objectivity and independence: appropriate courses of action where there are potential conflicts with objectivity and independence.
5. Observing Due Care in the Performance of Duties - The concept of due care as a factor in ethical behavior: relationship of competence in education, knowledge and experience to the practice of due care in performing professional duties: the need for consultation or referral when there are limitations on a person's competence.
6. Behaving to Avoid Improper Use of One's Office for Personal Gain - Recognizing actions that are inconsistent with responsibilities of public officials and employees; recognizing actions that would adversely affect public perception of particular activities; behaving to avoid reality or public perception of improper use of one's office for personal gain.
7. Maintaining Professional Competencies and Performance Standards - CGFM continuing professional education requirements. (See related area also under CGFM section of home page).

G. Financial Management Responsibilities and Skills

1. Financial Management Responsibilities and Skills - Functions, responsibilities of the chief financial officer; team-building and group dynamics techniques; conflict resolution methods and applications; motivating and developing staff; assigning and monitoring workload to maximize results; effective communication; organizing information in a coherent and logical manner; maintaining personal networks; keeping legislature and management informed and interested in agency activities.

EXAMINATION 2 - ACCOUNTING, FINANCIAL REPORTING AND BUDGETING

A. General Knowledge Section

1. Influences, Objectives and Standards Setting:

1. Influences and objectives - Characteristics of governmental environment, particularly those that differ from private sector, such as profit vs. service, importance of budget and sovereignty; external users of financial reporting (legislature, citizenry, investment community); major uses of financial reporting; objectives of financial reporting (financial, budgetary and program accountability); characteristics of information in financial reporting; meaning of interperiod equity.
2. Standards setting - Roles of the Governmental Accounting Standards Board (GASB) and the Federal Accounting Standards Advisory Board (FASAB); how GASB and FASAB roles differ from the Financial Accounting Standards Board (FASB); due process in setting accounting standards; hierarchy of generally accepted accounting principles for federal, state and local governments.

2. General Principles of Governmental Financial Accounting

1. Basis of accounting - Differences among the various bases of governmental accounting (cash, modified accrual, accrual); how a particular basis of accounting facilitates accomplishing a specific measurement focus; effect of applying specific bases of accounting to specific revenue and expenditure/expense transactions; distinction between modified accrual basis and budgetary

basis of accounting; effect of applying different bases of accounting to different phases of the materials cycle, including ordering, receiving and paying; financial reporting implications of the distinction between financial accounting and budgetary accounting.

2. Fund accounting - Definition of a fund; fund categories/classifications and fund types within each category; purposes for which various funds are established.
3. Accounting for certain specific transactions and events - Methods of determining allowance for doubtful accounts under various methods (percent of sales, percent of receivables); methods of valuing inventory (FIFO, LIFO, weighted average); determining depreciation in specific situations; determining liability for legal judgments and claims.

3. Financial Reporting:

1. General - Users and uses of various types of reports, such as general purpose reports, budget reports and project reports; when to prepare each type of report; basis of accounting to be used for each type of report.
2. Reporting entity - Definition of the financial reporting entity at the federal level and state and local levels (criteria for being an entity or part of an entity); criteria for whether an entity is a primary government or a component unit.
3. Content of financial reports - Purpose, form and content of general purpose financial statements; purpose, form and content of notes to the statements; purpose and content of management discussion and analysis and letter of transmittal; purpose and alternative contents of popular reporting.

4. Cost Accounting and Performance Reporting:

1. Cost accounting - Purposes of accumulating and reporting cost data; concept of full cost of outputs and incorporation of interentity costs; determination of allowable cost under a grant after considering unallowable costs; appropriate methods for allocating indirect costs; determination of user fees using cost data.
2. Performance reporting - Purposes of performance/service efforts and accomplishments (SEA) reporting; elements of performance/SEA reporting (inputs, outputs, outcomes).

5. Budgeting:

1. Budgeting approaches - Purposes of budgeting (resource allocation, setting spending priorities, identifying needs); structure of the budget (organizational unit, program, function); features of different budgetary approaches (baseline, line item, program, zero-base, etc.); how the budgetary approaches differ; use of different approaches to achieve particular policy objectives; financing and appropriating the capital budget.
2. The budget process - Forecasting short-term and long-term revenues/receipts (taxes, user fees, intergovernmental grants); forecasting short-term and long-term expenditures/outlays; tensions in the budgetary process as between political desires and public desires vs. sound fiscal management and administration; key elements of the budget process from provision of initial guidance through preparation, review and adoption; means of central control of budgets (encumbrance/obligation control, vacancy control, revenue monitoring; means of agency control of budgets).

B. Detailed Knowledge Section

1. State and Local Financial Accounting and Reporting:
2. Fund financial accounting - Purposes of each fund type; measuring and recording transactions in

- the appropriate fund; measurement focus and basis of accounting for (1) governmental funds/certain fiduciary funds and (2) proprietary funds/certain fiduciary funds; measuring, recording and reporting revenue, expenditure/expense, other financing source/use transactions using (1) the modified accrual basis of accounting and (2) the accrual basis of accounting.
3. Budgetary accounting - Purposes of budgetary accounting; recording and modifying the budget; recording encumbrances and expenditures; effect of encumbrance and expenditure transactions on available appropriation balances.
 4. Classification - Interfund transactions (operating transfers, residual equity transfers, quasi-external transactions, reimbursements); revenue and expenditure classification (function, character, object); reservations and designations of fund balance.
 5. Recognition, measurement, and disclosures for specific transactions and events - Various taxes and other revenues; claims and judgments; compensated absences; cash deposits and investments, including repurchase agreements; measuring, recording and reporting the incurrence and repayment of (1) general long-term debt and (2) long-term obligations from governmental fund operating transactions; measuring, recording and reporting (1) acquisition and disposition of general fixed assets and (2) capital lease transactions; grants, entitlements, and shared revenues.
 6. Financial reporting - Whether a potential component unit is part of a financial reporting entity; purpose, form and content of the Comprehensive Annual Financial Report.
2. Federal Accounting and Financial Reporting:
1. Budgetary and Proprietary Accounting - Components of the budgetary equation "Budgetary Resources = Status of Authority"; relationship and difference between budgetary and proprietary accounts; fund types and accounting basis for each fund type (general, trust, revolving, deposit); key budgetary terms, such as appropriations, budgetary resources, outlays, receipts, offsetting collections.
 2. Recording and reporting specific transactions - Budgetary entries for receipt of appropriation through apportionment, allotment, commitment, obligation and expenditure; effect of transactions on status of authority accounts; receipt of appropriation authority and receipt of appropriation warrant; recording in the budgetary and proprietary accounts of (1) receipt of materials for inventory, (2) payment of payroll, (3) utility expenses not previously obligated and (4) year-end accrual for salaries and other liabilities.
 3. Financial reporting - Purpose of financial reports required by OMB Circular A-34; purposes, form and content of the financial statements under Statements of Federal Financial Accounting Concepts (SFFAC) number 2 "Entity and Display."
 4. Measurement, recognition criteria and disclosures for specific transactions, events and balances - Funds held with the treasury; cash, receivables and similar assets; direct loans and loan guarantees (including subsidy costs, default costs and write-offs); inventory and related property (such as inventory, operating materials and supplies, stockpile materials, etc); property, plant and equipment (such as general property, mission property, heritage property, land); supplementary stewardship reporting for property, land and equipment.

EXAMINATION 3 - GOVERNMENTAL FINANCIAL MANAGEMENT AND CONTROL

A. Internal/Management Control

1. Internal Control Objectives - Objectives as defined by Committee of Sponsoring Organizations (COSO), the US General Accounting Office (GAO) "Yellow Book," Federal Managers Financial Integrity Act and similar state/local statutes or directives, Foreign Corrupt Practices

Act.

2. Considerations - Elements of cost-benefit considerations and risk management considerations.
3. Applications - Application of internal control to operations, financial reporting (including safeguarding of assets, and compliance).
4. Responsibilities - Responsibilities of management for establishing and maintaining, ongoing monitoring and periodic reporting of internal controls; responsibilities of the auditor regarding establishing, ongoing monitoring and periodic reporting of internal controls; responsibilities of auditor for consulting with management on design of internal control systems; responsibilities of Chief Internal Auditor (Inspector General, legislative auditor).
5. Components of Internal Control - Control environment, risk assessment, control activities, information and communication, monitoring.
6. Evaluation Process - Understanding and assessing internal control for effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations; understanding and assessing the components of internal control (control environment; risk; control activities; information and communication; and monitoring; roles of management and independent reviewer in evaluation process).
7. Reporting Process - Types of management assertions in reporting on controls and criteria applicable to those assertions; management reporting on internal control, particularly on reporting material weaknesses; auditor reporting on internal controls; work needed to support reporting or attesting on internal controls; identification of internal control deficiencies.

B. Auditing

1. Types and Objectives - Objectives of the various types of audit (financial statement audit; financial related audit - including contract, grant, compliance and internal controls; economy and efficiency audit - including review of management control systems; and program audit - including evaluating results and reviewing management control systems); role of materiality/significance in the audit process.
2. Standards - Sources of audit standards (Government Auditing Standards, AICPA Statements on Auditing Standards and Statement on Standards for Attestation Engagements and standards of the Institute of Internal Auditors) and interrelationship among those standards; general standards; field work and reporting standards for financial audits; and field work and reporting standards for performance audits.
3. Responsibilities - Responsibilities of auditee in the conduct of audit (such as preparing statements and providing documents) and in coordinating audit matters; responsibilities of auditor in conducting the audit (such as independent verification, observation and comparative analysis), in audit follow-up, in coordinating audit matters and when computer-based processes are significant to audit findings.
4. Phases - Planning, conducting and reporting on the audit.
5. Coordination and Cooperation - Mechanisms for coordination among audit organizations to eliminate duplication and rely on each other's work; purpose of the single audit process and how the scope of single audit supports its purpose; kinds of information available through the single audit (financial, compliance, control, material weaknesses).
6. Contracting - Responsibilities of the various parties associated with contracting for audit services; phases in the contracting process (developing request for proposals, evaluating proposals, monitoring and evaluating auditor); criteria for selecting auditor (experience, qualifications, price).
7. Audit Follow-Up - Steps in implementing audit follow-up program; steps in ensuring that audits are closed on a timely basis; methods to ensure that monetary and non-monetary findings are

acted upon.

8. General - Users of audits and how they use the results; types of activities that are considered sensitive in a government audit (taxpayer information, payments to informers, travel and entertainment); aspects of government audit that require considerations of public accountability and how they differ from private sector (selection of auditor, materiality, distribution of audit report); audit quality control (internal quality control and external assurance).

C. Performance Measurement and Reporting

1. Objectives and Uses of Performance Measurement and Reporting - To improve internal management, to demonstrate public accountability and to improve oversight and allocation of resources.
2. Elements, Characteristics and Other Aspects - Elements of performance measurement (financial and non-financial measures of efforts, measures of accomplishments - outputs and outcomes and measures that relate efforts to accomplishments); characteristics of performance measurement data (relevance, understandability, comparability, reliability, timeliness, verifiability); baseline and benchmarking; how performance measures relate to goals and objectives in strategic plan.

D. Financial and Managerial Analysis Techniques

1. Financial and Managerial Analysis Techniques - Types of analysis and applications of the analysis techniques - present value, future value, cash flow, pay-back, trend, significant ratios, comparisons to competitors, regression analysis and flowcharting.

E. Financial and Managerial Concepts, Controls and Techniques as Applied to Specific Activities

1. Cash Management - Considerations in establishing banking relationships (competition, servicing, compensating balances); techniques for accelerating collection (EFT, centralized collections, lockboxes); techniques for timely payment (warehousing payments, EFT, credit cards); role of electronics in managing cash.
2. Investment Management - Elements of investment management (objectives, selecting money managers, evaluation); objectives of investment management (safety, liquidity, yield); factors that make investment of government funds different from investment of private funds (statutory limitations, risk avoidance, competitive bidding); types of investments; constraints on investing government funds; techniques for managing investment advisors, such as periodic evaluation, monitoring and benchmarking.
3. Credit Management/Debt Collection - Criteria for participating in a credit program; process for extending credit and controls over the process; elements of the account servicing process; debt collection techniques (collection agencies, salary offset, tax refund offset); process and controls over debt write-off (policy and second approval); credit management and debt collection performance measures (delinquency and collection rates, aging).
4. Procurement Management - Elements of public procurement process (bidders list, public advertising, issuing RFP, evaluating proposals); techniques for assuring adequate competition; criteria for selecting suppliers (past performance, delivery time, price); process to insure that contract specifications are met.
5. Inventory/Supply Management - Elements of an inventory/supply acquisition system; elements of an inventory/supply control system (location, condition, value, date of last inventory); means of safeguarding inventory/supplies.
6. Financial Management Systems - Concept of a single integrated financial management system;

determination of system requirements; elements of implementing a new system; approaches to system development; business process reengineering in the development and implementation of information systems; techniques for planning, implementing and monitoring to ensure new or updated systems are on-time and within budget; methods for assuring reliability of data processed by financial management systems; concepts in selecting, controlling and evaluating financial management information systems.

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CGFM Examinations: General List of Study Materials

The general list is intended to assist candidates in their preparation for the three CGFM examinations. These suggestions represent broad coverage for topics on the examinations, rather than specific references or citations. Examination questions are not necessarily limited to the sources contained in the general list. However, it is reasonable to assume that the topics covered by the sources on the list will be relevant to most questions on the examinations.

Many of the following documents and publications can be found in public libraries and/or through the Internet. For your convenience in obtaining access to various materials, AGA's home page provides electronic links to many sources under the heading, "Government Financial Management Resources on the Internet."

A. Current textbooks that deal with the following matters:

1. Government legal structure, roles, authorities and responsibilities
2. Government financing
3. Managerial principles as applied to government
4. Government ethics
5. Government accounting and financial reporting
6. Cost accounting
7. Government budgeting
8. Managerial and internal controls
9. Government auditing
10. Cash management, investment management, credit management/debt collection, procurement management, inventory/supply management, financial management systems and other aspects of financial management
11. Financial and managerial analysis techniques

B. Laws and regulations pertaining to financial management, including, but not limited to:

1. Chief Financial Officers Act
2. Government Performance and Results Act
3. Ethics in Government Act
4. Federal Managers' Financial Integrity Act
5. Single Audit Act

C. Statements of Concepts and Standards:

1. Statements of Governmental Accounting Concepts and Statements of Governmental Accounting Standards issued by the Governmental Accounting Standards Board (GASB).
2. Statements of Federal Financial Accounting Concepts and Statements of Federal Financial Accounting Standards recommended by the Federal Accounting Standards Advisory Board (FASAB) and issued by the Office of Management and Budget and the General Accounting Office.
3. Government Auditing Standards: 1994 Revision, issued by the General Accounting Office.

D. Current literature on subjects of topical interest, including, but not limited to:

1. recent issues of AGA's The Government Accountants Journal
2. AGA's Code of Ethics

3. AGA's Interpretation of Continuing Professional Education Requirements for Certified Government Financial Managers

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Interpretation of Continuing Professional Education Requirements for Certified Government Financial Managers

Forward

In July 1994, the Association of Government Accountants (AGA) initiated the Certified Government Financial Manager (CGFM) program. This professional designation is the only certification program designed specifically to recognize the unique skills and special knowledge required of professionals who specialize in government financial management. The CGFM program covers a variety of financial management areas such as accounting, auditing, budgeting, electronic data processing, finance and information resources management. The program is overseen by AGA's Professional Certification Board.

To attain the CGFM designation, candidates must meet the program's strict education and experience requirements and agree to adhere to AGA's Code of Ethics. Candidates are also required to pass a government financial management proficiency examination, available in July 1997. In addition, to **retain the CGFM designation, certificate holders are required to complete at least 80 hours of continuing professional education (CPE) every two years. CPE must be in government financial management topics or related technical subjects.**

The board is issuing this publication as part of its oversight responsibility to establish, maintain and interpret CPE requirements and guidance. This interpretation of the CPE requirements provides guidance to individual CGFMs on implementing the CPE requirements by answering the most frequently asked questions from CGFMs and applicants. This interpretation is effective for CPE reporting periods beginning on or after January 1, 1996.

The CGFM program is specially designed to help meet the critical need for greatly increased emphasis on the professional qualifications and stature of government financial managers. As other changes occur or further interpretations are needed, we will issue additional guidance.

Jeffrey C. Steinhoff, CGFM, CPA
Chair, Professional Certification Board

June 1995

INTRODUCTION

1. In recent years, continuing professional education (CPE) has become an important topic in the government financial management community. In an environment of increasingly complex financial management work and accelerating change, professional financial managers have recognized the need to make a strong commitment to their CPE. The Certified Government Financial Manager (CGFM) program is specially designed to help meet the critical need for greatly increased emphasis on the professional qualifications and stature of government financial managers.

As a government financial manager, you must be ready to meet today's financial management challenges. CPE for government financial managers serves to maintain and enhance professional proficiency. The result is financial managers who continually improve and refine their knowledge and skills in government financial management topics or related technical subjects applicable to government financial management areas.

2. Section 2 of the CGFM program sets the CPE requirements for maintaining certification as follows:

"To maintain CGFM certification, a certificate holder must biennially (every two years), (1) apply for certificate renewal, (2) certify that he or she has completed 80 hours of CPE and (3) specify the training sessions that have been completed. CPE must be in government financial management topics or related technical subjects, such as those set forth in Section 1." (of the CGFM program).

3. Complying with the CGFM CPE requirements is the responsibility of the individual certificate holder. Carrying out this responsibility requires exercising sound professional judgment. Individual CGFMs are responsible for (1) seeking opportunities for CPE, (2) successfully completing CPE programs and activities, (3) maintaining documentation of the CPE hours completed, (4) monitoring their own progress towards meeting the CPE requirements and (5) reporting CPE completed every two years. To assist individual certificate holders in exercising that judgment, this interpretation has been issued.

4. The CPE requirements are based on the premise that all CGFMs should maintain and enhance their professional

proficiency in government financial management. CGFMs will have wide latitude in selecting suitable CPE.

APPLICABILITY OF CPE REQUIREMENTS

5. The CPE requirements stated under the CGFM program apply to all active CGFM certificate holders who work in the public or private sector. The CPE requirements set forth 80 hours as the minimum number of hours of CPE that CGFMs, whether employed full or part-time by a public or private organization or self-employed, must complete every two years to maintain their CGFM certification.

EXEMPTIONS

6. **QUESTION:** *Are retired CGFM certificate holders exempt from meeting the CPE requirements?*

7. **INTERPRETATION:** A CGFM certificate holder who has retired from, and is no longer substantially working in the government financial management community, need not meet the CGFM CPE requirement to renew his or her certificate. This CPE requirement exemption applies to the full year in which the certificate holder retires.

Retired certificate holders need not request this exemption, but simply indicate their retirement status on the renewal application by entering their date of retirement. This CPE exemption also applies to retired CGFMs who perform volunteer work.

EXCEPTIONS

8. **QUESTION:** *Can the Professional Certification Board grant exceptions from the CPE requirements?*

9. **INTERPRETATION:** The Professional Certification Board may grant exceptions from the CPE requirements if a reason such as foreign residency, ill health, maternity leave or military service prevents a CGFM certificate holder from fulfilling the requirements. The certificate holder should document the reasons for requesting an exception and submit it to the Office of Professional Certification for a determination by the Professional Certification Board. The Office of Professional Certification will notify the CGFM of the board's decision and retain that documentation for an appropriate period of time. (See paragraph 48).

DETERMINING COMPLIANCE WITH CPE REQUIREMENTS

10. To maintain CGFM certification, the program requires that certificate holders apply for certificate renewal and complete at least 80 hours of CPE in government financial management topics or related technical subjects every two years. Paragraphs 11 through 22 of this interpretation address issues related to determining compliance with those requirements.

ESTABLISHING RENEWAL DATE

11. **QUESTION:** *When will the CGFM certificate renewal process begin?*

12. **INTERPRETATION:** The certificate renewal process will commence for the two-year period ended December 31, 1997. At that time, those who have held certificates for two years or more must (1) apply for renewal and (2) report CPE attained in calendar years 1996 and 1997. Thereafter, expiring certificates will be renewed at the end of each succeeding calendar year.

13. For a new certificate holder, certificate renewal will be required at the first renewal cycle occurring after a certificate has been held for at least two years. For example, if a CGFM receives his or her certificate on June 30, 1996, certificate renewal will be required by December 31, 1998, which is the first renewal cycle occurring after the certificate has been held for two years. The Office of Professional Certification states the first certificate renewal date in the letter sent to all new certificate holders.

14. A certificate holder will receive a renewal notice from the Association of Government Accountants in the November preceding the end of the biennial period and will have until March 31 of the following year to report the CPE attained and remit the certification renewal fee.

CPE CARRYOVER

15. **QUESTION:** *May a CGFM carry over CPE hours earned in excess of the 80 hour requirement from one period to the next two-year period?*

16. **INTERPRETATION:** No, the 80 hour requirement is the minimum number of hours of CPE that CGFMs should complete every two years.

DEFICIENCY MAKEUP

17. **QUESTION:** *Can CGFMs make up deficiencies in the CPE requirements?*

18. **INTERPRETATION:** CGFMs who have not completed the required number of CPE hours for any two-year period will have the three months (January 1 - March 31) immediately following the two-year period to make up the deficiency. Any CPE hours completed toward a deficiency in one period should be documented in the CPE records and may not be counted toward the requirements for the next two-year period.

A CGFM certificate will be suspended if a certificate holder fails to meet the certification program's CPE requirements by the March 31 date. If a certificate is suspended, the Professional Certification Board may grant recertification to an applicant based on CPE attainment consistent with the certification program's requirements.

RELATIONSHIP BETWEEN CGFM & OTHER CPE REQUIREMENTS

19. **QUESTION:** *Would satisfying the CPE requirements of the American Institute of Certified Public Accountants (AICPA), Institute of Internal Auditors (IIA) or of a state board of accountancy also satisfy the requirements of the CGFM program?*

20. **INTERPRETATION:** Possibly. However, individual CGFMs who are members of the AICPA, IIA or are licensed certified public accountants, are cautioned that the CGFM CPE requirements, while similar in many respects to those of the AICPA, IIA or of state boards of accountancy, are not identical.

Individuals should carefully consult the relevant AICPA, IIA, state boards of accountancy, or other professional certification programs' requirements to ensure compliance.

MONITORING COMPLIANCE

21. **QUESTION:** *How will compliance with the CPE requirements be determined?*

22. **INTERPRETATION:** As part of a quality assurance program, AGA may request CPE documentation for verification. Thus, individuals should maintain for a minimum of three years after recertification, documentation to substantiate their statements of completed CPE.

CPE PROGRAMS & TOPICS/SUBJECTS

23. Paragraphs 24 through 35 of this interpretation address what programs and activities and topics and subjects would and would not satisfy the CPE requirements.

CPE PROGRAMS

24. **QUESTION:** *What are CPE programs?*

25. **INTERPRETATION:** CPE programs are structured educational activities designed to maintain or enhance the CGFMs' professional proficiency in government financial management. This may be achieved through interaction with an instructor and other participants (a group program) or without major interaction with an instructor (an individual study program).

CRITERIA FOR CPE PROGRAMS

26. **QUESTION:** *What criteria should be used to determine if group and individual study programs qualify for CPE hours?*

27. **INTERPRETATION:** The CGFM program does not establish detailed criteria for CPE programs. However, it does require that CPE contribute to the CGFM's professional proficiency in government financial management, that CGFMs report CPE attained during the two-year period, and maintain documentation of the CPE completed. To determine if programs contribute to professional proficiency and to facilitate documentation, the following criteria for CPE programs may be considered as appropriate.

a. For both group and individual study programs:

1. An agenda or outline is prepared in advance and retained by the program sponsor that indicates the name(s) of the instructor(s); the subject(s)/topic(s) covered; the date(s) and length of the program; and, when appropriate, the program's learning objectives and any prerequisites.
2. The program is developed by individuals qualified or experienced in the topic/subject matter.
3. Program materials are technically accurate, current, and sufficient to meet the program's learning objectives.
4. The program is reviewed, when appropriate, by other qualified or experienced individuals. The nature and extent of any review may vary depending on characteristics of the program.
5. Evaluations of the program are obtained from instructors and participants, when appropriate.

b. For group programs:

1. Attendance records are maintained.
2. The program is presented by an instructor or discussion leader who is qualified or experienced with respect to the program content.

c. For individual study programs:

1. Participants are required to register for the program.
2. The program sponsor provides evidence of satisfactory completion (a certificate or transcript).

PROGRAMS & ACTIVITIES THAT QUALIFY

28. **QUESTION:** *What CPE programs and activities qualify for CPE hours?*

29. **INTERPRETATION:** The following programs and activities qualify for CPE hours provided they are in acceptable topics and subjects as discussed in paragraphs 30 through 33:

a. Group programs such as:

1. Internal training programs (courses, seminars and workshops).
2. Financial management organization staff meetings when a structured educational program is presented (that portion of the meeting where a structured educational program is used to brief staff on an accounting principle, auditing standard or budget function and demonstrate its applicability to their work). Informal discussions of current events in the financial management profession do not qualify for CPE hours.
3. University and college courses (credit and non-credit).
4. Education and development programs presented at conferences, conventions, meetings, seminars and workshops of professional organizations. For example, the Association of Government Accountants (AGA) annual Professional Development Conference (PDC), Federal Leadership Conference (FLC), State and Local Government Leadership Conference and education programs presented at AGA monthly chapter meetings.
5. Training programs presented by other financial management organizations, educational organizations, foundations and associations. For example, education and training programs sponsored by AGA's Education and Research Foundation.

b. Individual study programs such as:

1. Correspondence courses, self-study guides and workbooks.
2. Courses given through audio cassette tapes, videotapes and computers. For example, AGA's videotaped programs.

c. Other professional activities, subject to the limitations discussed in paragraphs 42 and 43 are:

1. Serving as a speaker, instructor, or discussion leader at group programs (AGA PDC) that qualify for CPE hours.
2. Publishing articles and books or developing CPE courses on topics and subjects that qualify for CPE hours and that contribute directly to the author's professional proficiency. For example, writing an article published in *The Government Accountants Journal*.

TOPICS AND SUBJECTS THAT QUALIFY

30. **QUESTION:** *What topics and subjects qualify for CPE hours?*

31. **INTERPRETATION:** CPE programs include a wide variety of topics and subjects that may contribute to maintaining

or enhancing the professional proficiency of some CGFMs, but not others. Therefore, the CGFM is ultimately responsible for determining whether a topic or subject qualifies as acceptable CPE for him or her.

CPE that would satisfy the CGFM program's requirement should be in government financial management topics or related technical subjects applicable to government financial management areas. Examples of such topics and subjects include, but are not limited to, the following:

accounting principles and standards financial reporting
 accounting systems forecasts and projections
 analytical procedures industrial engineering
 assessment of internal controls information resources management
 assessment of management controls interviewing techniques
 asset management systems mathematics
 audit methodologies operations research
 audit of contract compliance/costs oral and written communications
 audit/evaluation of program performance or operations
 audit risk and materiality pension accounting
 audit/evaluation standards performance measurement and reporting

budgeting principles of management and supervision
 business law probability
 business process reengineering productivity
 compliance with laws and regulations program evaluation
 computer science public administration
 computer security public finance
 contracting and procurement public policy and structure
 cost accounting equality control
 data analysis report writing
 economics sampling
 electronic data processing asocial sciences
 evaluation design strategic planning
 financial auditing taxation
 financial management workpaper preparation
 financial management systems
 financial planning or analysis
 financially related fraud
 investigation

Except as discussed in paragraph 34, instruction in topics and subjects that meet the CPE requirements of licensing bodies (state boards of accountancy) or other professional organizations (the AICPA or the IIA) would satisfy the CPE requirement providing that the CPE maintains or enhances the CGFMs' professional proficiency in government financial management.

33. Determining what topics and subjects are appropriate for individual CGFMs to satisfy the CPE requirement is a matter of professional judgment to be exercised by the CGFM. Among the considerations in exercising that judgment are CGFMs' experience, the government financial management area(s) in which they work and the responsibilities they assume in performing government financial management functions.

PROGRAMS & ACTIVITIES OR TOPICS & SUBJECTS THAT DO NOT QUALIFY

34. **QUESTION:** *What education and training programs and activities or topics and subjects do not qualify for CPE hours?*

35. **INTERPRETATION:** Examples of programs and activities or topics and subjects that do not qualify for CPE hours include, but are not limited to, the following:

- a. On-the-job training.
- b. Basic or elementary courses in topics and subjects in which the CGFM already has the necessary knowledge and skills and that served as the initial basis for qualification as a CGFM.
- c. Programs that are not designed to maintain or enhance CGFMs' professional proficiency, but are designed for the

general public, such as resume writing, improving parent-child relations, personal investments and money management and retirement planning.

- d. Sales-oriented programs that demonstrate office equipment.
- e. Programs restricted to the financial management organization's administrative operations, such as how to prepare time and attendance reports or internal administrative reporting responsibilities.
- f. Business sessions at professional organization conferences, conventions and meetings.
- g. Participation as a member of a committee of a professional organization.
- h. Preparation and presentation time for repeated presentations within the two-year period. (See paragraphs 40 and 42).
- i. Conducting external quality control reviews.
- j. Auditing university or college courses.
- k. Teaching university or college courses full time.

ADMINISTERING CPE REQUIREMENTS

36. The CGFM program requires that certificate holders meet the CPE requirements. Paragraphs 37 through 50 of this interpretation provide specific guidance on measuring CPE hours, documenting completion of CPE, retaining CPE records and preparing reports on CPE.

MEASURING CPE HOURS

37. **QUESTION:** *How are CPE hours measured for qualifying group programs, individual study programs and other professional activities?*

38. **INTERPRETATION:** A CPE hour may be granted for each 50 minutes of participation in programs and activities that qualify. Fractional hours may also be granted if appropriate. At conferences and conventions where individual presentations are less than and/or more than 50 minutes, the sum of the presentations should be considered as one total program. For example, two 90-minute, two 50-minute and three 40-minute presentations equal 400 minutes or eight CPE hours.

39. Sponsors of CPE programs should monitor their programs to accurately assign the appropriate number of hours. CGFM participants should receive CPE hours only for the actual time they attend the program. Preparation time for students participating in a CPE program is not counted.

40. CGFMs completing or teaching university or college non-credit courses should receive CPE hours based on the guidance provided in paragraphs 38 and 42 of this interpretation. For CGFMs completing university or college credit courses, each semester hour credit equals 15 CPE hours, and each quarter hour credit equals 10 CPE hours. Instructors for university or college credit courses should receive CPE hours based on the number of credit hours the university/college gives a student for successfully completing the course (a three semester hour credit course x 15 CPE hours per semester hour = 45 CPE hours).

An instructor should not receive CPE hours for teaching a course more than once within the two-year period, unless the course was changed significantly. The maximum number of CPE hours that may be granted to an individual as an instructor under this paragraph and paragraph 42, should not exceed 40 hours for any two-year period.

41. CGFM participants in correspondence or individual study programs should be granted CPE hours when they satisfactorily complete the program. These programs generally should be pretested by the vendor or sponsor to determine the average completion time, and CPE hours should be granted in an amount equal to the average completion time.

For example, a correspondence course that takes an average of 600 minutes to complete should be granted 12 CPE hours. However, if the program has not been pretested, participants may still be granted CPE hours in an amount equal to one-half of the time they actually spent on the program.

For example, a CGFM who takes 800 minutes to complete an individual study program may be granted 8 CPE hours (800 minutes x 1/2 = 400 minutes divided by 50 minutes = 8 CPE hours).

42. Speakers, instructors (university/college noncredit courses) and discussion leaders at programs that qualify for CPE should receive CPE hours for preparation and presentation time to the extent the topic or subject matter contributes directly to their professional proficiency. One hour of CPE should be granted for each 50 minutes of presentation time, and up to two additional hours of CPE may be granted for advance preparation for each 50 minutes of their presentation.

For example, a discussion leader could receive up to 21 hours of CPE for a presentation of 350 minutes (seven hours for

presentation and 14 hours for preparation). An individual should not receive CPE hours for either preparation or presentation time for repeated presentations that they make within the two-year period, unless the topic or subject matter involved was changed significantly. The maximum number of CPE hours that may be granted to an individual as a speaker, instructor, or discussion leader under this paragraph and paragraph 40 above, should not exceed 40 hours for any two-year period.

43. Articles, books, or CPE courses written by CGFMs on topics and subjects related to their expertise and/or work that contribute directly to professional proficiency will qualify for CPE hours in the year they are published. One hour of CPE should be granted for each hour devoted to writing articles, books, or course materials that are published. However, CPE hours for published writings should not exceed 20 hours for any two-year period.

MAINTAINING DOCUMENTATION

44. **QUESTION:** *What is the CGFM's responsibility for maintaining documentation of CPE?*

45. **INTERPRETATION:** The CGFM is responsible for maintaining documentation of the CPE hours completed.

46. The CGFM's records should include the following information for each CPE program or activity attended or completed:

- a. the sponsoring organization (AGA National Office or local chapter),
- b. the location at which the program was given (ABC Hotel, Kansas City, MO),
- c. the title of the program and a brief description of its contents (5th Annual State and Local Government Leadership Conference; current issues affecting state and local government financial management operations),
- d. the dates attended for group programs or dates completed for individual study programs (November 13 and 14, 1996),
- e. the number of CPE hours earned (16), and
- f. evidence of attendance or completion. This might include the following:

- 1. Record of the grade received for a university or college credit course.
- 2. An outline and evidence of attendance or of having been the instructor or discussion leader from the program sponsor.
- 3. Evidence of completion from the program sponsor (AGA CPE Certificate).
- 4. A copy of the published book, article, or course.

RETAINING RECORDS

47. **QUESTION:** *How long should CPE records be maintained?*

48. **INTERPRETATION:** All CPE records should be maintained for a minimum of three years after CGFM recertification.

PREPARING CPE REPORTS

49. **QUESTION:** *Are CGFMs required to prepare reports on CPE?*

50. **INTERPRETATION:** As part of the renewal process, CGFMs must certify that they have completed 80 hours of CPE, and specify the training sessions that have been completed in government financial management topics or related technical subjects.

If you would like more information about the Certified Government Financial Manager program, please contact:

**Association of Government Accountants
Office of Professional Certification
2200 Mt. Vernon Avenue
Alexandria, VA 22301**

(703) 684-6931 • (800) AGA-7211 • FAX (703) 519-0039 • E-mail: AGACGFM@AOL.COM

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AGA Code of Ethics

SECTION 1. PURPOSE

In order to foster the highest professional standards and behavior, and exemplary service to all levels of government, the Code of Ethics has been developed as guidance for the members of the Association of Government Accountants, and for the information of their employers.

SECTION 2. DEFINITIONS

In instances where reference is made to members, it is intended to include all classes of membership. Where reference is made to employer, it is intended to apply to a government agency as an entity, and to a non-government organization to the extent the principle is considered applicable.

SECTION 3. ETHICAL PRINCIPLES

Personal Behavior

(a) Members shall:

1. not engage in acts or be associated with activities which are contrary to the public interest or discreditable to the Association of Government Accountants;
2. not engage in private employment or hold themselves out as an independent practitioner for remuneration except with the consent of their employer, if required (government members only);
3. not purposefully transmit or use confidential information obtained in their professional work for personal gain or other advantage; and
4. adhere to the Standards of Conduct promulgated by their employer.

Professional Competence and Performance

(b) Members shall:

1. strive to perform the duties of their position and supervise the work of their subordinates with the highest degree of professional care;
2. continually seek to increase their professional knowledge and skills to improve their service to employers, associates and fellow members;
3. render opinions, observations or conclusions for official purposes only after appropriate professional consideration of the pertinent facts;
4. exercise diligence, objectivity and honesty in their professional activities and be aware of their responsibility to disclose any and all improprieties that may come to their attention; and
5. be aware of and strive to apply work-related requirements and standards prescribed by authorized government agencies and employers which may be applicable to their work.

Responsibility to Others

(c) Members shall:

1. in the performance of any assignment consider the public interest to be paramount;
2. not engage in any activity or relationship which creates or gives the appearance of a conflict with their employer-related responsibilities; and
3. in speaking engagements or writings for publication, identify personal opinions which may differ from official positions of their employers.

Outreach

(d) In speaking engagements or writing for publication, members shall identify personal opinions which may differ from official positions of their employers.

Government Financial Management Resources on the Internet

Accounting/Financial Management Organizations

- [American Accounting Association \(AAA\)](#)
- [American Institute of Certified Public Accountants \(AICPA\)](#)
- [Association for Government Leasing and Finance \(AGLF\)](#)
- [Association of Certified Fraud Examiners \(ACFE\)](#)
- [Association of Government Accountants \(AGA\)](#)
- [Financial Executives Institute \(FEI\)](#)
- [Government Finance Officers Association \(GFOA\)](#)
- [Healthcare Financial Management Association \(HFMA\)](#)
- [International Consortium for Government Financial Management \(ICGEM\)](#)
- [Institute of Management Accountants \(IMA\)](#)
- [Institute of Internal Auditors \(IIA\)](#)
- [National Association of Counties \(NACO\)](#)
- [National Association of Local Government Auditors \(NALGA\)](#)
- [National Association of State Auditors, Comptrollers and Treasurers \(NASACT\)](#)
- [National Association of State Budget Officers](#)
- [National Institute of Government Purchasing \(NIGP\)](#)
- [National Council for Public-Private Partnerships \(NCPPP\)](#)

Financial Management Resources

- [Accounting Resources on the Internet \(Rutgers site\)](#)
- [Chief Financial Officer's Council](#)
- [Congressional Budget Office](#)
- [Council of State Governments \(CSG\)](#)
- [Federal Accounting Standards Advisory Board \(FASAB\)](#)
- [Federal Financial Managers Council](#)
- [FinanceNet](#)
- [Financial Management Services, Department of the Treasury](#)
- [General Accounting Office \(GAO\)](#)
- [General Services Administration \(GSA\)](#)
- [Government Printing Office \(GPO\)](#)
- [Governmental Accounting Standards Board \(GASB\)](#)
- [IGNet](#)
- [Joint Financial Management Improvement Project \(JFMIP\)](#)
- [National Performance Review](#)
- [Office of Management and Budget \(OMB\)](#)
- [Office of Personnel Management \(OPM\)](#)
- [US House of Representatives](#)
- [US Senate](#)
- [Yellow Book \(Interactive Version\)](#)

Federal Executive Agencies

- [White House](#)
- [US Department of Agriculture](#)
- [US Department of Commerce](#)
- [US Department of Defense](#)
- [US Department of Education](#)
- [US Department of Energy](#)

- [US Department of Health and Human Services](#)
- [US Department of Housing and Urban Development](#)
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