



The AGA Messenger

President's Message

Lee Ann Watters

This time last month I was sitting on a beach in Florida with nothing on my mind but relaxation. I can't believe that summer is on the wane and that the beginning of school is right around the corner.

August is a month of milestones for many of us. I am sending my child to preschool this year and am experiencing the trauma of his very first ever First Day of School. Some of you may be sending your children off for the first day of their last ever First Day of School. I've come to believe that our lives are about those types of mile markers. They seem to serve as sort of a touchstone for us to remember past events, to judge our progress and to plan for the future.

This month I have been focusing on preparing the year's first quarterly report for our chapter's participation in the National Chapter Recognition Program. I'd be lying if I told you that our doing well in this program wasn't important to me! Our chapter has performed very well in this program over the past few years. As members, we should all be proud that our chapter has achieved a Gold Chapter Designation for the past 7 years. With that in mind, I'd like to give you some information about the program, its purpose and our goals.

The program's objective is to support, encourage and promote the accomplishment of AGA's mission of serving professionals in the government financial management community by providing quality education, fostering professional development and certification and supporting standards and research to advance government account-

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The AGA PDC 2004 was a big success. Rick Waddle, Central Kentucky Chapter President-Elect attended the event in Washington, D.C. in June. For those of us not able to

attend, the AGA national office has made available information on the conference at www.agacgfm.org/pdc. Next year's conference is scheduled for July 10-13 in Orlando, Florida. The theme for next year's conference will be "Leadership—Preparing Tomorrow's Accountability Professionals."

August Speaker

The speaker at the August membership meeting will be John Cubine, the newly appointed Director of the Division of Financial Audits at the Auditor of Public Accounts office.

Mr. Cubine is a 29 year veteran of state government. He has held posts as the Commissioner of the Department of Social Insurance, the Deputy Secretary of the Governor's Cabinet under Wallace Wilkinson, and the Director of Administrative Services and Chief of Staff at the Attorney General's office under Ben Chandler. Mr. Cubine was also the chief of staff at the auditor's office from 1991-1995. Most recently, he was Deputy Director for Budget Review at the Legislative Research Commission.

Tax Courses Are Eliminated as Qualifying CPE Under GAGAS

By Cindy Upton
Education and Training Coordinator

The U.S. Government Accountability Office, formerly known as the General Accounting Office, (GAO) has amended its continuing professional education (CPE) requirements. Portions of paragraph 46 of the *Interpretation of Continuing Education and Training Requirements*, issued in April 1991, have been revised.

The 2003 revision of *Government Auditing Standards* provides CPE standards in Chapter 3. Paragraph 3.39 provides the general standard related to competence: It states, "The staff assigned to perform the audit or attestation engagement should collectively possess adequate professional competence for the tasks required." Paragraph 3.42 states that auditors performing financial audits should be knowledgeable in generally accepted accounting principles (GAAP) and the AICPA's generally accepted auditing standards for field work and reporting and the related Statements on Auditing Standards (SASs). The auditors should also be competent in applying these standards and SASs to the task assigned. Similarly, when performing an attestation engagement, auditors should be knowledgeable in the AICPA general attestation standard related to criteria and the AICPA attestation standards for field work and reporting and the related Statements on Standards for Attestation Engagements (SSAEs). The auditors also should be competent in applying these standards and the SSAEs to the task assigned.

Paragraph 3.45 of *Government Auditing Standards* (or generally accepted auditing standards, GAGAS) states that auditors performing work under GAGAS, including planning, directing, performing field work, or reporting on an audit or attestation engagement under GAGAS, need to maintain their professional competence through CPE. Therefore, each auditor performing work under GAGAS should complete, every two years, at least 80 hours of CPE that directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements. At least 24 of the 80 hours should be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

Finally, paragraph 3.46 states that CPE may include a variety of topics that contribute to auditors' proficiency to perform audits and/or attestation engagements. Examples include developments in auditing standards and methodology, accounting principles, assessment of internal control, principles of management and supervision, information sys-

tems management, audit sampling, financial statement analysis, evaluation design, and data analysis. CPE may also include subjects related to specific fields of work, such as public administration, public policy and structure, industrial engineering, finance, economics, social sciences, and information technology.

GAO's 1991 interpretation of the CPE requirements provided in paragraph 46 a list of subjects and topics that would always satisfy the 80-hour requirement. That list was amended on March 15, 2004, to delete taxation in most circumstances. GAO also rescinded the section of paragraph 46 that stated that instruction in subjects and topics that meet the CPE requirements of licensing bodies (such as state boards of accountancy) or professional organizations (such as the AICPA) or the Institute of Internal Auditors would also satisfy the 80-hour requirement.

The amendment notes that, in some cases, auditors must apply professional judgment in determining whether training qualifies under GAGAS. For example, tax services, in general, are not related to the subject matter of audits performed under GAGAS, and, accordingly, CPE related to tax would not normally qualify as CPE for purposes of satisfying GAGAS requirements. However, if taxation relates to an objective of an audit conducted under GAGAS, certain training in taxation could possibly qualify as CPE under GAGAS. For example, auditors employed by the federal Internal Revenue Service or state and local government employees who audit tax revenues may be able to claim GAGAS CPE credits for courses in taxation. Likewise, auditors auditing the financial statements of not-for-profit organizations under GAGAS might also be able to claim GAGAS CPE if knowledge of the relevant tax requirements is an important financial reporting objective that influences reporting for purposes of the financial statements. In such cases, the audit organization should clearly document the rationale for including such training as part of the GAGAS CPE requirement.

In addition to GAGAS CPE requirements, the State Board of Accountancy has established CPE requirements for auditors. Although many of the training courses auditors take may be used to satisfy various requirements, in some cases, certain training may qualify as CPE under one set of requirements but may not qualify as CPE under another. For example, training in public administration or legislative matters may qualify as GAGAS CPE but might not necessarily qualify under requirements established by the State Board. In addition, certain tax training that would qualify as CPE training for

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Central Kentucky Chapter News

July Chapter Meeting

July's chapter membership meeting was held on Thursday, July 1 at the Office Pub and Deli at 11:30 a.m.

Attendance at the Chapter meeting was recorded as 25 people.

July's featured speaker was long-time AGA member Jimmy Rogers. Mr. Rogers is the Finance Office for the City of Frankfort.

Mr. Rogers presented the meeting with the 2004 City of Frankfort budget and spoke about the budget and its implementation.

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state licensing would not qualify as CPE under the 2003 revision of GAGAS if it does not directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements under GAGAS.

The requirements of the 2003 GAGAS revision became effective for financial audits and attestation engagements of periods ending on or after January 1, 2004, and for performance audits beginning on or after January 1, 2004. As a result, auditors need to consider this change in the CPE requirements when complying with the GAGAS CPE requirements.

For example, if an audit organization's two-year period for CPE compliance was for calendar years 2003 and 2004, CPE taken in taxation during 2003 would generally count for GAGAS CPE requirements because the previous requirements were in effect during 2003. In 2004, if the audit organization is in the second year of the two-year CPE cycle, auditors would apply the new requirements to the remaining number of CPE hours needed in 2004 to comply with the 80-hour requirement. As a general rule, course work in taxation will not count toward GAGAS CPE in 2004.

GAO is in the process of revising the *Interpretation of Continuing Education and Training Requirements* to reflect the current CPE requirements in the 2003 *Government Auditing Standards*. The changes will be reflected in GAO's updated guidance.

August Chapter Executive Committee

The August meeting of the Chapter Executive Committee convened at 11:30 at the Super Buffet on August 4. All twelve members were in attendance.

The first topic of discussion was the membership meetings. The issue of changing meeting locations was presented by Lee Ann, who had done some homework on available meeting places in town. A decision on the matter will be made at a later date.

Amy Small presented three community service opportunities. See page 5 for detailed information.

Cindy Upton updated the committee on the Fall Professional Development conference. It will be held October 18-19 at the Holiday Inn Capital Plaza. She is currently working to line up speakers for the event. The possibility of having a half-day training was also mentioned. Interested members should submit ideas for topics.

Rick Waddle updated the committee on his attendance at the National PDC, reporting that

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Upcoming Chapter Events

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|---------------|---|
| August 31 | — Chapter Executive Committee
11:30 a.m.
Bella Pizza |
| September 2 | — Chapter Membership Meeting
11:30 a.m.
Office Pub and Deli |
| October 18-19 | — Professional Development
Holiday Inn Capital Plaza |

National and Regional News

Are you Subscribed?

- *Government Financial Management Topics* is a timely newsletter issued bi-weekly. The newsletter covers association activities, education and training events, leadership profiles, employment opportunities and developments within the profession. E-mail notices are available for the notification of publication of new issues. Visit <http://www.agacgfm.org/publications/topics/default.aspx> for more information.
- *AGA Today* is a free, bi-weekly news briefing. The publication acts as a clearinghouse for current government financial management information. The information is pooled from a dozen or more reputable sources in the industry. We take the most significant pieces of information, and add it under one umbrella so that the busy professional can open the newsletter and gather everything that he or she needs to be informed. We offer CPE opportunities, GAO testimony, new web links, AGA updates and the latest news. Welcome to the excitement! To subscribe, simply visit http://www.agacgfm.org/publications/agatoday/agat_subscribe.aspx

AGA Bookstore

Studying for the CGFM examination? Need new reference books? Just like to read? The AGA Bookstore has partnered with Amazon.com to provide AGA members with resources to prepare for examinations and help support AGA. By using the Amazon.com portal from the AGA national website (www.agacgfm.org/store/) a portion of the purchase price of any Amazon.com purchase will go to support AGA. AGA apparel and logo items are also available.

Welcome a new chapter!

The Southeast Region of AGA welcomes its newest chapter in Columbia, South Carolina. The chapter was presented its charter on May 5, 2004.

AGA Seeks Director of Education for the National Office in Alexandria, VA

AGA, premier educational assoc for government accountability professionals, seeks hands-on Director of Education. Responsibilities include planning, organizing, directing, implementing, and marketing the Association's education program. Incumbent will develop and maintain education policies and procedures to enhance the Association's role as a leader in government financial management training. Assist local chapters with their educational programs.

Ideal candidate has knowledge of governmental financial management and at least 3 years of experience in managing professional development programs. Bachelor's degree. CGFM and/or CPA preferred. Ability to tackle challenges, organize projects and produce results.

Work w/great team in Del Ray, Alexandria. Competitive salary/benefits – medical, dental, 401K,

Special Series: Meet the Chapter Executive Committee



Lee Ann Watters
Chapter President

Lee Ann is a native of Scott County and graduated from Georgetown College in 1989. She now lives in Frankfort with her husband Tom and their 3 year old son, Jack. Lee Ann worked for the Commonwealth of Kentucky for 9 years in the Office of the Auditor of Public Accounts, Office of the Attorney General and the Cabinet for Human Resources, Division of Audits. She now is an audit manager with Carpenter, Mountjoy & Bressler in Frankfort. Lee Ann has been an AGA member for six years having previously served as President and Education Chairman.

CPE Corner

Government Financial Manager Training Program

October 12—14, Nashville, TN

AGA has developed a training program for accountability professionals in the government financial management field. The training program provides 48 hours of CPE. The training will be held October 12-14; October 26-28 at the Cheatham Room in the WRS TN Tower, 312, Eighth Avenue North, Nashville, TN. To attend the entire course, cost is only \$500 per person. To attend individual sessions, the cost for Part I is \$80; Part II is \$250 and Part III is \$170. For more info, contact Karen Hale, karen.b.hale@state.tn.us

Look for info in next month's issue about the Central Kentucky Chapter Fall Accounting and Auditing Update!

AGA Community Service Opportunities

Amy Small, Community Service Coordinator

Franklin County Humane Society Dog Daze

The Franklin County Humane Society is hosting **Dog Daze: Running with the Big Dogs 5K run** on August 14 at the Old Capitol in Frankfort. There will be a 1 mile Fun Walk, Doggie Olympics, Paw Painting, and a sketch artist on hand to make Doggie Portraits for a donation to the Franklin Co. Humane Society.

The Humane Society is looking for volunteers to assist with registration, handing out water and snacks, and handing out prizes and t-shirts. There will be a meeting on August 5th at 6PM at the Old Capitol for interested volunteers.

If you are interested in volunteering but cannot make the meeting, please contact me at amy.small@auditor.ky.gov and I will give you any information you need.

CCU 4th Annual 5K Run/Walk/Crawl

CCU is hosting their **4th Annual 5K Run/Walk/Crawl** on September 25th to benefit the KY State Police Trooper Island and CASA. The race begins at 8AM at the CCU Main Office on High Street. Interested parties can go to CCU's website at www.ccuky.org/whatsnew/5kentry.htm for an entry form and race map. Early entry fee is \$15 if registering by September 10th. After September 10th, entry fee is \$20. There will be FREE breakfast served at the finish line.

If you have any questions about either event please contact Amy Small at amy.small@auditor.ky.gov.

Pop Tabs for Friends of Indian Summer

We will be collecting pop tabs to benefit the children's cancer camp, Indian Summer Camp throughout the year. Please contact Amy Small if you would be willing to take charge of a collection can for your agency.

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ability. An additional goal is to provide flexible noncompetitive guidelines for a well rounded chapter. Above all, the program is a planning guide to be used to assist chapter officers in serving the chapters' membership. Each local AGA chapter is strongly encouraged to participate in the program.

A chapter qualifies for recognition under the program once it has attained its specified goal for the year. All chapters are encouraged to achieve at least 10,000 points for the year. Our goal is to reach the Gold Chapter Designation level. This requires us to attain between 15,001 and 17,500 points between June 2004 and May 2005.

Chapters are awarded points in several categories: Leadership, Planning & Participation; Education & Professional Development; Certification of CGFM's; Communications; Membership; Community Service, and Awards.

Throughout this program year, you will read in the newsletter and hear announcements at membership meetings about programs and events that are being sponsored by the chapter. These events are designed for your benefit and enjoyment; however, they are also designed to help us achieve our goals in the chapter recognition program.

We need the help of all our members to achieve our goal this year. We especially need your attendance at our monthly meetings and your participation in projects, programs and events. Finally, we need your input to help make Central Kentucky a better and stronger chapter. Let us know the direction you'd like to see the chapter take, let us know your interests and what types of programs and professional education you'd like us to provide.

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over 1600 members attended. Rick most enjoyed the NASA representative.

It was approved to reimburse Dan Flaherty \$80 for the expense of web site name and registration renewal.

Lee Ann reminded officers that formal officer reports are due by August 15 to her.

Lee Ann also updated the committee on Chapter Recognition points. A key thing that she feels the chapter should focus on is membership. Membership drive ideas were discussed, as was the idea of sponsoring a table at a Kentucky State University career fair.

Mary Hudson spoke about the Scholarship Fundraiser ideas, specifically that a raffle of a UK/UL basket may be a good possibility.

Lydia Reynolds updated the committee about the newsletter.

The meeting was adjourned with final comments about the next month's meeting. It will be held Tuesday, August 31 at Bella Pizza at 11:30 a.m.

**The Treasurer's Report
Of the Central Kentucky Chapter**

The Treasurer's Report will return next month!

Chapter Executive Committee			
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