

ASSOCIATION OF GOVERNMENT ACCOUNTANTS
NASHVILLE CHAPTER
CGFM COMMITTEE
STUDY RESOURCES FOR THE CGFM EXAMS
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The CGFM Committee presents the following information which may be helpful to those preparing to sit for the CGFM exams. This paper outlines each of the three exams— Examination 1 *Governmental Environment*; Examination 2 *Governmental Accounting, Financial Reporting and Budgeting*; and Examination 3 *Governmental Financial Management and Control*. The exam content is listed in outline form and sources which may be used to prepare for the exams are noted in a box following each section. By reviewing topic areas (see link below under AGA) for the examination content specifications, you will be able to determine which sections of the exams will be easier or more difficult for you. You may then select materials to confirm or enhance your knowledge. For example, in a topic area that is familiar, selection of minimal reading may be appropriate; in areas unfamiliar, more extensive readings and course work may be more appropriate. Scores of useful texts are available at local public, college, or technical libraries under such key categories as accounting, auditing, budgeting and public finance. It may also be useful to scan the libraries' printed reference source titled *Books in Print* or search through the electronic catalog of the [Library of Congress](http://www.loc.gov/) (<http://www.loc.gov/>) or access "Government Financial Management Resources on the Internet" (<http://www.agacgfm.org/links.htm>) – this web site provides a valuable link that includes all or most of the web site addresses included in this study document.

The documents referred to as study sources may be obtained or ordered on the Internet. The web sites referenced in this paper are listed below. Each listing provides information about the organization and how to obtain the referenced material either at little or no cost. The exams cover state/local and federal governments. Typically, the federal government provides documents on its various web sites free of charge. However, most organizations which provide state/local government guidance do so for a charge. Regardless, many of the resources referred to in this paper may be obtained at no cost or little cost. To avoid paying for resources, we suggest borrowing certain materials from another AGA member or source. Suggestions for borrowing materials are noted in each listing. Moreover, many state employees have attended CGFM training courses that were available in Nashville last year. The notebooks provided at that training may be helpful in preparing for the exams. The CGFM Committee is compiling a list of attendees who are willing to lend their notebooks. Please note that the information in this paper is not conclusive and studying these resources does not guarantee passing the exams. This information is meant to be a tool.

Governmental Accounting Standards Board (GASB)

<http://accounting.rutgers.edu/raw/gasb/index.html>

GASB promulgates GAAP accounting standards for state and local governments. GASB Statements are available in a codified version and by individual statement. GASB charges for its publications; however, this resource is common among government accountants and may be borrowed. Several Department libraries have copies of the statements as well as fellow AGA members. The Department of Audit offers training courses on fund accounting—a three-day class once a year typically in April.

Financial Accounting Standards Advisory Board (FASAB)

<http://www.financenet.gov/financenet/fed/fasab/fasab.htm>

FASAB promulgates GAAP accounting standards for the federal government. FASAB Codification is available on its web site at no cost.

American Institute of Certified Public Accountants (AICPA)

<http://aicpa.org/index.htm>

The AICPA is the standards-setting body for private-sector auditing and attestation standards. The AICPA publishes audit guides which provide accounting and financial reporting guidance for particular industries, including state and local government. The AICPA also promulgates Ethics Rules to be followed by CPAs who are members of the AICPA. The AICPA charges for all documents. AGA members who are internal auditors or state/county/municipal auditors may have access to these documents.

AICPA *Journal of Accountancy* Online

<http://aicpa.org/index.htm>

The *Journal of Accountancy* is a monthly publication of the AICPA that focuses on the latest news and developments related to the field of accounting. The *Journal* is written for CPAs and other accounting professionals. The table of contents for each monthly issue of the *Journal of Accountancy*, starting with January 1997, can be viewed by following the directions below. Some sections that appear in printed version are omitted from the online version for reasons relating to copyrights or timeliness. (These sections include Inside the AICPA: Directory of Selected Services, Coming Events, Exposure Drafts Outstanding – available in the printed version, and Official Releases – available in the printed version.) To access the online issues go to “Online Publications;” select either the “Current Issue” or “Archive Issues.”

General Accounting Office (GAO)

<http://www.gao.gov>

GAO is the standards-setting body for governmental auditing standards for both financial and performance audits. GAO's *Government Auditing Standards* (aka *Yellow Book*) provides auditing standards which are required for state, local, and federal government audits (through Single Audit). The *Yellow Book* references the AICPA field work and reporting standards and attestation standards, but does not include them. GAO documents may be accessed free of charge on its web site.

Office of Management and Budget (OMB)

<http://www1.whitehouse.gov/omb>

OMB directs the federal budget and administrative management of the federal government. OMB issues circulars, bulletins, and other documents, some of which are relevant to the CGFM exams. OMB documents may be accessed free of charge on its web site.

Government Finance Officers Association (GFOA)

<http://gfoa.org>

GFOA is an organization whose membership includes individuals from local (primarily), state, and federal governments. GFOA publishes an accounting and financial reporting book of some renown—*Governmental Accounting, Auditing, and Financial Reporting* (referred to as the GAAFR or "Blue Book"). GFOA charges for its publications; however, it may be feasible to borrow the GAAFR from certain AGA members.

The Library of Congress

<http://www.loc.gov/>

The Library preserves a collection of nearly 121 million items, more than two-thirds of which are in media other than books. These include the largest map, film and television collections in the world. In addition to its primary mission of serving the research needs of the U.S. Congress, the Library serves all Americans through its popular Web site and in its 22 reading rooms on Capitol Hill.

National Association of State Auditors, Comptrollers, and Treasurers (NASACT)

<http://www.sso.org/nasact/nasact.htm>

NASACT exists to represent the states' views on a variety of financial management topics and for the purposes as set forth in its constitution. Since the 1970's, NASACT has actively expanded its role as a representative of states' interests in financial management issues by providing leadership and training in meeting the increasingly complex

challenges of professional state fiscal and financial management. Its goal is to assure that government fiscal and financial management is effective, efficient, and professional.

Association of Government Accountants (AGA)

<http://www.agacgfm.org/index.htm>

AGA is an educational organization dedicated to the enhancement of public financial management. AGA serves the professional interests of financial managers, from local, state and federal governments, as well as public accounting firms, responsible for effectively using billions of dollars and other monetary resources every day. For more than 40 years, AGA has been addressing the issues and challenges facing government financial managers.

AGA has been instrumental in developing accounting and auditing standards and in generating new concepts for the effective organization and administration of financial management functions, including the passage of the Inspector General Act of 1978 and the Chief Financial Officer's Act of 1990. AGA conducts independent research and analysis of all aspects of government financial management. These studies have led AGA to be recognized as a leading advocate for improving the quality and effectiveness of government fiscal administration. An exam outline may be accessed at the following web site: http://www.agacgfm.org/cgfm/cgfm_exam.htm.

EXAMINATION 1 - Government Environment

A. Organization and Structure of Government (10%)

1. Levels of Government
2. Branches of Government
3. Authorities and Responsibilities of Government
4. Special-Purpose Governments/Quasi-Governmental Entities

Sources:

<http://www.ins.usdoj.gov:80/graphics/services/natz/usstruct.pdf>
<http://access.pgo.gov/congress/senate/constitution.toc.html>
<http://www.NAPAWash.org>

B. Legal and Other Environmental Aspects of Government (15%)

1. Implications of Sovereignty
2. Central Role of the Budget Process
3. Other Legal Aspects

Sources:

<http://www.ins.usdoj.gov80/graphics/services/natz/usstruct.pdf>

C. Interrelationships Among Planning, Programming, Budgeting, Operations, Accounting, Reporting and Auditing (10%)

1. The Management Cycle
2. Interrelationship Among the Elements
3. Other Aspects

Sources:

Statement of Federal Financial Accounting Concepts Number 1
"Objectives of Federal Financial Reporting" Chapter 7
<http://financenet.gov/fasab.htm>
Governmental Accounting, Auditing, and Financial Reporting Chapter 15
<http://www.gfoa.org>

"Statement of Governmental Accounting Concepts No. 2, Service Efforts and Accomplishments Reporting", GASB

D. Governmental Financing Process (25%)

1. Taxation
2. Intergovernmental Grants and Shared Revenues
3. Other Forms of Revenue
4. Debt
5. Financing of Governmental Colleges, Hospitals, Special Districts, Public Authorities, School Districts and Other Special-Purpose Governmental Entities

Sources:

Formats and Instructions for the Form and Content of the Financial Statements of the U. S. Government

<http://www.whitehouse.gov/omb/budget/fy2002/budget.html>

<http://www.whitehouse.gov/omb/financial/>

OMB Federal Registers <http://www.whitehouse.gov/omb/fedreg/>

AICPA <http://www.aicpa.org/>

GASB <http://www.rutgers.edu/Accounting/raw/gasb/>

FASAB <http://www.financenet.gov/fasab.htm>

E. Public Accountability (10%)

1. Concepts, Definitions, Notions of Accountability
2. Those to Whom the Government is Accountable
3. That for Which Accountability is Demonstrated
4. How Accountability is Demonstrated and Assessed

Sources:

Statement of Federal Financial Accounting Concepts No. 1 Objectives of Federal Financial Reporting Chapter 3

<http://www.whitehouse.gov/omb/>

Statement of Federal Financial Accounting Concepts No. 2 Entity and Display Paragraphs 54 - 83

<http://www.whitehouse.gov/omb/>

Statement of Governmental Accounting Concepts No. 1 Objectives of Financial Reporting

Paragraphs 130 - 131, 156 - 158

<http://www.rutgers.edu/Accounting/raw/gasb/>

Statement of Governmental Accounting Concepts No. 2 Service Efforts and Accomplishments Reporting

<http://www.rutgers.edu/Accounting/raw/gasb/>

F. Ethics in Government (20%)

1. General Responsibilities as a Professional
2. Acting in the Public Interest
3. Maintaining Professional Integrity
4. Applying Objectivity and Independence
5. Observing Due Care in the Performance of Duties
6. Behaving to Avoid Improper Use of One's Office for Personal Gain
7. Maintaining Professional Competencies and Performance Standards

Sources:

Standards of Ethical Conduct for Employees of the Executive Branch, 5CFR, Part 2635, Office of Government Ethics (CFR is the Code of Federal Regulation)

<http://www.access.gpo.gov/>

Code of Ethics with Official Interpretations, AGA <http://www.agacgfm.org/>

Code of Ethics, ASPA <http://aspanet.org/>

G. Financial Management Responsibilities and Skills (10%)

1. Financial Management Responsibilities and Skills

Sources:

Chief Financial Officers Act of 1990, (P.L. 101-576)

http://www.gao.gov/policy/12_19_4.htm

EXAMINATION 2 - Governmental Accounting, Financial Reporting and Budgeting

A. General Knowledge Section (60%)

1. Influences, Objectives, and Standards Setting
 - a. Influences and objectives
 - b. Standards setting

Sources:

GASB Concepts Statement 1,
GASB Facts (free on GASB web site),
FASAB Rules of Procedure (free on FASAB web site),
AICPA Ethics Rule 203 or Codification AU §411, and *OMB Circular A134 (free on OMB web site)

2. General Principles of Governmental Financial Accounting
 - a. Basis of accounting
 - b. Fund accounting
 - c. Accounting for certain specific transactions and events

Sources:

GFOA GAAFR,
Governmental Accounting Textbooks,
GASB Statements,
FASAB Codification (free on FASAB web site),

3. Financial Reporting
 - a. General
 - b. Reporting entity
 - c. Content of financial reports

Sources:

GFOA GAAFR,
Governmental Accounting Textbooks,
GASB Statements,
FASAB Codification (free on FASAB web site),
OMB Bulletin 97-01 (free on OMB web site)

4. Cost Accounting and Performance Reporting
 - a. Cost accounting

- b. Performance reporting

Sources:

GASB Concepts Statement 2,
OMB Circular A87 (free on OMB web site)

5. Budgeting
 - a. Budgeting approaches
 - b. The budget process

Sources:

OMB Circular A-34, Instructions on Budget Execution
<http://www.whitehouse.gov/omb/circulars/index.html>

Budgetary Accounting in the Federal Government, Financial Management Service,
Washington, D.C.

B. Detailed Knowledge Section (40%)

1. State and Local Financial Accounting and Reporting
 - a. Fund financial accounting
 - b. Budgetary accounting
 - c. Classification
 - d. Recognition, measurement and disclosures for specific transactions and events
 - e. Financial reporting

Sources:

GFOA GAAFR,
Governmental Accounting Textbooks,
GASB Statements,
AICPA Audits of State & Local Governmental Units (ASLGU),
State of Tennessee Comprehensive Annual Financial Report (CAFR) (illustrative example)

2. Federal Accounting and Financial Reporting
 - a. Budgetary and Proprietary Accounting
 - b. Recording and reporting specific transactions
 - c. Financial reporting

- d. Measurement, recognition criteria and disclosures for specific transactions, events, and balances

Sources:

FASAB Codification (free on FASAB web site),

OMB Bulletin 97-01,

OMB Circulars A11, A34, A127, A134 (free on OMB web site)

EXAMINATION 3 - Governmental Financial Management and Control

A. Internal/Management Control (25%)

1. Internal control objectives
2. Considerations
3. Applications
4. Responsibilities
5. Components of internal control
6. Evaluation process
7. Reporting process

Sources:

General Accounting Office (GAO) Yellow Book – www.gao.gov – then click “other publications,” “complete listing,” and then “Government Auditing Standards” (free on GAO website);

Statement on Auditing Standard (SAS) Nos. 55 and 78 (AU 319, *Internal Control in a Financial Statement Audit*, in the AICPA Professional Standards) *Consideration of Internal Control in a Financial Statement Audit* and *Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standard No. 55*, respectively (summaries are available for the recently issued auditing standards and interpretations; full text articles of the standards are available in the *Journal of Accountancy* Online – if you know the standard’s issue date; otherwise, ordering through AICPA is necessary. The full text standards are available only in the printed version of the *Journal*.) To access the most recently issued standards, go to the AICPA website, click on “online publications,” click “audit and attestation standards,” click “summaries of recently issued auditing standards,” and/or click “recently issued auditing interpretations.” (free on AICPA website)

Association of Certified Fraud Examiners (ACFE) (www.acfe.org)

Recent issues of *The Journal of Government Financial Management* (http://www.agacgfm.org/publications/m_pubsjournal.htm) (free to AGA members; otherwise, subscription required)

AGA's Code of Ethics (http://www.agacgfm.org/cgfm/cgfm_code.htm) (free download on web site)

B. Auditing (25%)

1. Types and objectives
2. Standards
3. Responsibilities
4. Phases

5. Coordination and cooperation
6. Contracting
7. Audit follow-up
8. General

Sources:

[American Institute of Certified Public Accountants \(AICPA\)](#)

AICPA Professional Standards (AU, AT, AR, ET, BL, AC, CS, QC, PR, TX, PFP, &CPE) – (available via AICPA order for some costs)

[General Accounting Office \(GAO\)](#) – Government Auditing Standards – “Yellow Book” (free on GAO website)

[Office of Management and Budget \(OMB\)](#) – Circular A-133 “Audits of States, Local Governments, and Nonprofit Organizations” (free on GAO website)

Intergovernmental Audit Forum (www.auditforum.org)

Information Systems Audit & Control (www.isaca.org) (available for some costs)

Institute of Internal Auditors (IIA) (www.rutgers.edu/Accounting/raw/iaa)

National Association of State Auditors, Comptrollers and Treasurers (NASACT)

(www.sso.org/nasact/nasact.htm)

C. Performance measurement and reporting (15%)

1. Objectives and uses of performance measurement and reporting

Sources:

[Governmental Accounting Standards Board \(GASB\)](http://www.rutgers.edu/accounting/raw/seagov/pmg/perfmeasures/index.html) – then click “performance measures” – www.rutgers.edu/accounting/raw/seagov/pmg/perfmeasures/index.html

Managing for Results (www.npr.gov/initiati/mfr/)

National Performance Review (www.npr.org)

D. Financial and managerial analysis techniques (5%)

Sources:

[Governmental Accounting Standards Board \(GASB\)](#) – publications “What You Should Know about Your Local Government’s Finances” (available for some to little costs)

Text book – [Intermediate Accounting](#), authors Kieso and Weygandt (available for some costs)

E. Financial and managerial concepts, controls, and techniques as applied to specific activities (30%)

1. Cash management
2. Investment management
3. Credit management/debt collection
4. Procurement management
5. Inventory/supply management
6. Financial management systems

Sources:

http://www.imanet.org/content/Publications_and_Research/Statements_on_Management_Accounting/SMA.s.htm

[Government Finance Officers Association \(GFOA\)](#) – click on publications (available for some to little costs on GFOA’s website)

Chief Financial Officer's Council (www.financenet.gov/financenet/fed/cfo/cfo.htm)

Association for Budgeting and Financial Management (ABFM) (www.abfm.org)

Joint Financial Management Improvement Project (JFMIP)

(www.financenet.gov/financenet/fed/jfmip/jfmip.htm)

Institute of Management Accountants (IMA) (www.imanet.org)