

HAPPY ST. PATRICK'S DAY

Meeting Notice

When:

Monday, March 21st, 2005 at 12:00

Where:

St. Vincent's Infirmary
Vincent DePaul Room

Speaker:

Kin Hardwick, CPA, CGFM
(Speaker's Bio on Page 2)

President's Message By Bob Broughton

Hi Everyone

Be sure and check out our upcoming Spring Seminar that is located in the newsletter. It will be an opportunity to receive up to 16 hours of affordable CPE. We are also offering for members a free two hour Seminar March 31, at 2:00pm at UALR. The topic will be Prevention, detection and prosecution of white-collar crime. The speaker will be Mr. Jerry Spratt.

We are having a membership drive in conjunction with our regional training to be held at the Holiday Inn Airport the evening of April 22, 2005. The time will be from 5:00pm till 8:00 pm snacks and beverages will be served. I would like to encourage you as members to bring a guest. Please RSVP with one of the board members.

Our President elect Marion Carlton is looking for members who may be interested in being on the board for next year. If interested please let her know.



FYI

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Monthly Meeting Speakers Biography

We will return to our normal Monday meetings this month and our speaker will be Kim Hardwick, CPA, CGFM. Kim is a consultant with Providential Services, Inc. and her responsibilities include risk assessment, internal attestation, database management, and professional education services of PSI. Her area of concentration is public programs. She is a Certified Public Accountant and a Certified Government Financial Manager (CGFM).

In the government sector, Kim has worked multiple years as a financial analyst of a large government contract at the federal level. She worked extensively with activity-based costing theory and application, trend analysis, as well as Microsoft Access, Microsoft Excel (and its integration with Microsoft Access), and Microsoft PowerPoint. Kim graduated Suma Cum Laude from the University of Arkansas at Little Rock with a Bachelor of Science degree in Accounting.



AGA CENTRAL ARKANSAS CHAPTER EXECUTIVE COMMITTEE MEETING MINUTES

Date: January 26, 2005

Conference Room B
Donaghey South Building, 1st Floor
Acting Secretary: Donna Agee

Members Present:

Bob Broughton, President;
Marion Carlton, President-Elect;
Don Bellcock, Education Co-Chair;
Donna Agee, Education Co-Chair;
Richard Drilling, Program Co-Chair;
Kyleen Hawkins, Program Co-Chair;
Kathleen Wingo, Newsletter Co-Editor;
Shunika Bryant, Membership Chair;
Linda Miles, CGFM Chair;
Walter Barrington, Webmaster

President Bob Broughton called the meeting to order at 11:20 a.m. Kyleen Hawkins began the discussion by presenting a brief background of proposed training classes to be offered

by Providential Services, Inc. (PSI). She suggested her agency would like to partner with AGA to co-sponsor these classes. Discussion followed as to what would be the responsibilities of both PSI and AGA. Some issues discussed were number of times to offer the classes, price and limitation on the number of participants. Since classes were proposed for both spring 2005 and fall 2005, Don Bellcock asked if the current board could obligate for the next season's board. Marion Carlton suggested the vote could be split and only vote on the spring 2005 proposed classes.

Kyleen noted training could be added as needed. Marion asked about what type of marketing tools would be needed for these classes. Kyleen suggested

brochures be handed out and detailed information for the course outlines be included on the PSI website. Don suggested a task force be set up to research these courses on a continuing basis. Walter Barrington reminded us that participants could receive CPE only once for the same course. He said he thought it would be a good idea for AGA to co-sponsor these classes.

Kyleen brought up the possibility of group pricing. Kathleen Wingo mentioned we need to see the results of the first session and work from that for future classes. She also mentioned we need to verify with the national office about the correct protocol for the use of our logo with a private entity. Sandy Becker stated the classes will be open for all AGA members.

Richard Drilling made a motion that we accept the proposed contract with PSI through the spring 2005 schedule only. Don seconded and the motion carried unanimously. Marion made a motion that a task force be created to explore AGA's future education direction and emphasis to ensure we cover all our membership needs. Don seconded the motion and it carried unanimously.

Bob brought up the annual awards banquet to be held in June. Pat Becker and Linda Miles will be in charge of the

arrangements. Bob asked for a lunch or dinner time preference. After discussion, an evening banquet time was the consensus. Bob reminded us to submit nominations for the Financial Manager of the Year award to Linda or Pat.

Bob reminded us it is time to register for the PDC in Orlando. We have one free registration fee. Richard made a motion that our chapter send the President and the President-Elect to the PDC. This will cover travel, registration fee, meals and hotel. Shunika Bryant seconded and the motion passed. Sandy reminded us to register early to get the best prices and travel would be the lesser of mileage or airfare, if you drive.

Since our meeting was before the end of the month, there were no financial statements to present. Sandy requested he have them approved by email and everyone agreed.

Richard said he has our monthly speakers scheduled for March, April and May. Kathleen reminded us to have our newsletter articles to her as soon as possible. Don reminded us of both the free two hour seminars in February and March and the Spring Seminar on April 21 and 22. Being no further business, Bob adjourned the meeting at 12:20.



HAVE YOU MOVED, HAD A NAME, ADDRESS, PHONE NUMBER OR E-MAIL ADDRESS CHANGE???

Please update your information on the AGA National Website www.agacqfm.org **and** notify Shunika Bryant at shunikabryant@hotmail.com



This month we are pleased to welcome several new members. We want to extend our heartiest welcome to the following new members.

John Bata
William Dull
Melanie Hazeslip
Connie Honeycutt
Teri Matthews

Gary Puls
Deanna Richardson
Sheila Watts
Marcella Winzerling



Upcoming Seminars

There is a number of upcoming seminars before the end of our 2004-2005 chapter year. AGA's annual Spring Seminar will be held at the Holiday Inn Presidential Center, April 21st and 22nd. AGA is co-sponsoring 2 seminars with Providential Services, Inc. Brochures and applications have been e-mailed for these seminars.

There is one more 2-hour seminar co-sponsored with Alpha Beta Psi at the Donald W. Reynolds Center at UALR on March 31st. The speaker will be Jerry Spratt and his topic will be "Prevention,

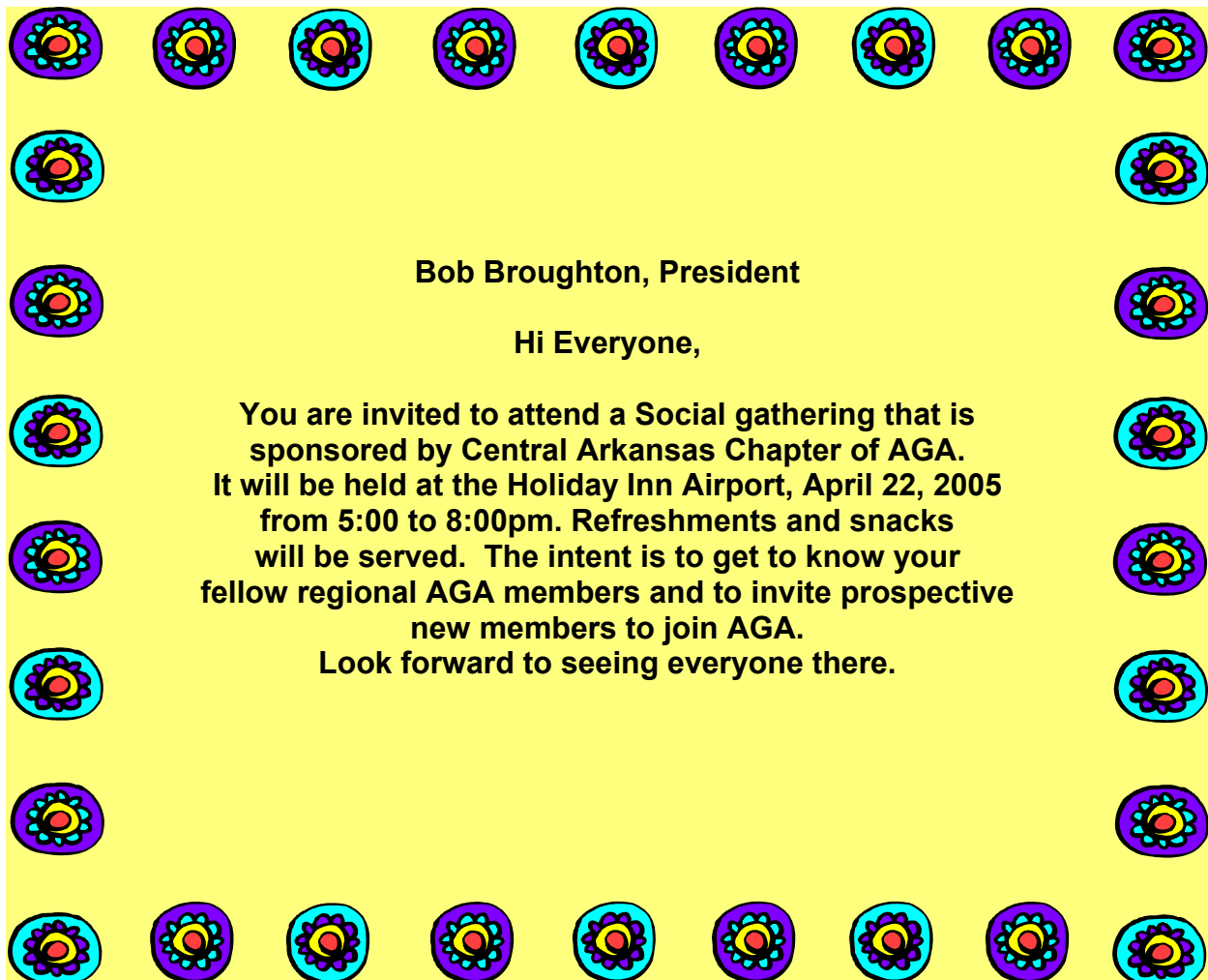
Detection and Prosecution of White Collar Crime" The cost is free for members and \$15.00 for non-members. Members are asked to bring a nonperishable food item for the food drive for The Rice Depot. If you forget your food item, you may make a cash donation at the seminar.

For any questions or additional information, please contact Don Bellcock 501-682-8902, e-mail donald.bellcock@arkansas.gov or Donna Agee 501-682-8919, e-mail donna.agee@arkansas.gov.

Seminar Notes:

On Thursday February 24th, AGA and Beta Alpha Psi co-sponsored a 2-hour seminar at UALR. There were 21 people in attendance and a total of \$7.00 and lots of canned goods were collected for The Rice Depot. Kim Hardwick, CPA, CGFM presented

“Government Employees: The Benchmark of Excellence in Accountability” It was a very informative and enjoyable presentation. For those of you who missed the seminar, Kim will be the speaker at the regular monthly meeting in March.



Bob Broughton, President

Hi Everyone,

You are invited to attend a Social gathering that is sponsored by Central Arkansas Chapter of AGA. It will be held at the Holiday Inn Airport, April 22, 2005 from 5:00 to 8:00pm. Refreshments and snacks will be served. The intent is to get to know your fellow regional AGA members and to invite prospective new members to join AGA.

Look forward to seeing everyone there.



Why Earn the CGFM? The Certified Government Financial Manager

The Mark of Excellence in Federal, State and Local Government. Since its inception in 1994, the CGFM has become the standard by which government financial management professionals are measured. Its education, experience and [ethics requirements](#) have served to elevate the most seasoned financial professionals. More than 13,000 individuals have received the designation so far. Now it's your turn. Experience the benefits of certification first hand - the CGFM is the mark of excellence in your profession. We look forward to adding your name to our distinguished list of Certified Government Financial Managers.

In a 2001 survey by Robert Half International, a financial management placement firm, 85% of the 1400 CFOs surveyed "believed that a professional certification...can boost career advancement opportunities."

Heritage and Needs

Over the past two decades, a number of factors have created a rapidly changing environment for today's government financial managers. Beginning with the New York City financial crisis in the 1970s and 1980s, state and local governments began overhauling their financial management systems. In 1990, the Chief Financial Officers (CFO) act called for reforms that brought the goal of accountability to the forefront. The value of financial managers against this turbulent backdrop has shot upwards. Those who believe they are on the high end of the profession, or on the "fast track" toward getting there, need a credential that shows they are qualified and have the skills to lead. The Certified Government Financial Manager (CGFM) does this like no other credential.

The CGFM is the first certification broad enough to cover the whole field of government financial management - federal, state and local. It deals not with testing a person in a specific area, but with measuring a wide range of knowledge and skills that a professional needs to succeed in the federal government financial environment, or to meet the unique challenges faced by state and local government financial managers.

In today's complex and changing world, a professional certification provides prospective employers with a degree of confidence that candidates are prepared for the real world." John Radford, CGFM, State Controller, State of Oregon.

Expertise, Value and Recognition

The foundation of the CGFM is the requirement for Education, Experience and Examination. Building on this foundation is a [Code of Ethics](#) and required Continuing Professional Education (CPE).



This designation is already recognized as a professional standard. Since the 2001 federal legislation authorizing federal government agencies to use appropriated funds to pay for expenses to obtain professional credentials, three agencies including the DoD and twelve of its components, have issued formal professional certification policies, with other agencies soon to follow suit. The CGFM designation is listed as one of the funded certifications.

To date, seven states have formally recognized the CGFM - Idaho, Mississippi, Missouri, Maine, Tennessee, Virginia and Washington. Also, various counties, including Contra Costa county in California, and cities, including Topeka, KS have also formally recognized the CGFM. Each year more and more federal agencies and state and local governments are realizing the value of the CGFM and are formally embracing the designation.

The Institute of Internal Auditors (IIA) Board of Regents has also recognized the CGFM. It is accepted as a waiver for part IV of the CIA examination.

Toward the Future

The challenge facing today's government financial managers is to keep up with the changing times. New innovations, new developments and new methods of implementation are creating a new environment in which government financial managers must function.

Increasing knowledge and skills is the key to staying abreast of the latest developments. AGA presents a dynamic program of events and courses every year containing solutions, innovations, and technological breakthroughs that you'll need to retain and enhance your CGFM.

The field of government financial management will be far different tomorrow from what it is today. Having a broad knowledge and a recognized professional designation will be the way to distinguish yourself from the crowd.

There's no time like the present for joining the thousands of other leaders in government financial management who already have discovered the unique value and benefit of the CGFM designation.

Why Certification?

"Certification programs are win-win-win--the certifiers benefit; the certified benefit; and so does any customer, client or employer who relies on the certification. That should explain why, within a decade, every market leader in every global industry will offer certification programs for its key employees." Fortune Magazine, 6.26.00



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September – October 2004 Edition

Social Auditing: Oxymoron or Wave of the Future

by Curtis C. Verschoor

It is difficult to believe that a certified New Age model of “caring capitalism” like Wild Planet Toys could have anything in common with the hard-nosed folks that run British Telecom. But they do. Both are experimenting with one of the trendiest of trends in corporate governance, social auditing.

In fact, more than a dozen companies are drawing up or in the process of implementing a social audit of the impact of their business on stakeholders. The motivation is only partly altruistic; most of these companies have come to the conclusion that businesses that understand their impact on key stakeholders can mold a healthier, more productive corporate culture. In other words, a regular social

audit can actually strengthen the bottom line.

Major corporations in the US first began considering social audits in the 1970s, mostly as a response to the nascent consumer and environmental movements. Business faced attacks for allegedly turning out unsafe consumer products or dumping pollutants. Consultants like Abt Associates applied a rudimentary mixture of cost accounting and stakeholder theory to corporations like Shell Oil, General Mills, Bertelsman AG and Bank of America. The public disclosure aspects were viewed largely as a by-product. Major corporations soon abandoned social audits due to difficulty in quantifying social aspects of corporate behavior and

a lack of consensus about what to measure.

In the past decade, however, there has been a resurgence of interest in social auditing driven by the so-called 'green business' and 'ethical investment' communities that come to prominence with highly publicized boycotts of firms doing business in South Africa. The net of corporate social performance criteria has expanded to include issues like diversity, philanthropy, community service and the environment.

Ben & Jerry's Homemade, a vocal leader of the New Age entrepreneurial business community, is the highest-profile US company to employ social auditing concepts. Ben & Jerry's annual social study has gone through several iterations under several consultants, most notably Paul Hawken. In 1995, professing to want a more structured and quantitative approach, Ben & Jerry's retained the London-based New Economics Foundation (NEF) to conduct its version of a social audit.

NEF has developed social audit methodology based primarily on stakeholder surveys, focus groups and interviews. Its strategy encourages a company to create specific measurement criteria. In this way, a company can monitor its progress in meeting the goals or "social mission" it sets for each stakeholder group. This helps to identify critical social and ethical information needs of management and stakeholders generally. These corporate "best practices" also help facilitate what has been called "ethical strategic planning."

In the past year, NEF established The Institute of Social and Ethical Accountability, which is designed as a central resource for social auditors. The

Institute is debating standards for ethical reviews and for credentialing reviewers, and is joining with the European Institute for Business Ethics to sponsor the First Euroconference on Social and Ethical Accounting, Auditing and Reporting this fall.

Although pioneering, the NEF stakeholder survey approach has drawbacks. It does not measure actual ethical behavior so much as stakeholder perceptions. Its verification statement is based on the financial statement opinion expressed by public accountants and has limited usefulness to stakeholders. The one-sentence 66-word standard opinion on the completeness of the report it has helped a company prepare is confusing, may contain many qualifications and does not describe specific verification procedures.

Additionally, there is a serious question whether NEF's wide-ranging responsibilities, from conducting surveys and focus groups for the client to summarizing and interpreting and disclosing results is consistent with serving as independent verifier of the overall report. Ben & Jerry's says that these and other issues prompted it not to renew its contract with NEF for 1996.

The most critical weakness in the approach of NEF and most other social audits is the lack of emphasis on corporate governance and control systems designed to provide assurance that high-minded codes of conduct serve more than just a public relations function. A social audit should review the corporate culture including the effectiveness of codes of conduct. Because of efforts to "flatten" organizations by empowering individuals instead of relying on traditional hierarchical control systems, a resilient ethical culture emphasizing teamwork

and goal congruence is becoming even more important.

To date, there are approximately a half dozen social audit models that have been or are currently in use:

- social balance sheet which prevailed in the 1970s;
- social performance index similar to ethical investment scorecards which assign rankings or numerical ratings to social issues;
- independent social assessments such as the early Ben & Jerry's reviews or "The 100 Best Companies" series;
- stakeholder surveys, a dimension of the NEF approach;
- benchmarking by objectives, also employed by NEF and more commonly in environmental audits;
- disclosure reports which evaluate companies on their disclosure of critical information of stakeholder concern.

Social researchers at the University of Quebec at Montreal led by Leo Paul Lauzon have pioneered a 'disclosure' screen that has been voluntarily adopted by some nonprofits and corporations and has been endorsed by the Certified Management Accountants Association of Canada. Corporations

may be well served to carefully consider which of the various approaches, individually or in tandem, are best suited to address their internal needs and public disclosure objectives. It is imperative that a social audit go beyond a review of a company's stated mission. A successful social audit requires a company to demonstrate its commitment to publicly disclose information about company operations and its responsiveness to solve problems uncovered by the audit. There are also indications that management emphasis of ethical qualities as an important part of a company's governance and control structure is strongly and positively associated with measures of corporate performance in both financial and non-financial dimensions. Most critically, a social and ethical evaluation should appraise the effectiveness of control mechanisms, how the company monitors its ethical compliance and whether an independent corporate board exercises ethical oversight.

Dr. Curtis C. Verschoor is Ledger & Quill Research Professor in the School of Accountancy at DePaul University, Chicago

CENTRAL ARKANSAS CHAPTER OF AGA

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To all members who submit articles and information for the Newsletter, we would like to say a large THANK YOU! Please continue to do so by contacting either Beverly McCay or Kathleen Wingo. We also welcome comments and suggestions.

**Central Arkansas AGA
Balance Sheet
February 28, 2005**

Assets

Current Assets

Checking	\$ 8,900.74
CDs	<u>6,299.66</u>

Total Assets **\$ 15,200.40**

Liabilities and Capital

Total Liabilities **0.00**

Capital

Beg Bal Equity	\$ 9,862.89
Equity – Retained Earnings	2,749.74
Net Income	<u>2,587.77</u>

Total Liab & Capital **\$ 15,200.40**

