



AGA  
ETHICS  
HANDBOOK

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## **Preface**

*The Association of Government Accountants' Ethics Handbook provides a framework for its members and individuals (non-members) who hold the Certified Government Financial Manager (CGFM) certificate to exercise the highest standards of professionalism and personal conduct to best serve the public interest. This handbook combines excerpts from the AGA's Bylaws and Policies and Procedures Manual. It outlines standards of behavior and conduct by AGA members and non-member CGFMs, addresses ethics inquiries and investigations, and describes disciplinary procedures. This handbook was developed by the Professional Ethics Board and was adopted by the National Executive Committee of AGA.*

# PART 1 - AGA Code of Ethics

*The following is the Association of Governments Accountants' official Code of Ethics in its entirety:*

## **Introduction**

### **Overview**

The Association of Government Accountants believes that its members first and foremost serve the public interest in accordance with the highest ethical principles. This Code of Ethics is both a standard of behavior to aspire to and a guide for making ethical decisions. The code contains specific language regarding conduct that sets the minimum expected levels of behavior. Violators are subject to disciplinary action. However, the code is not simply a set of rules. It also creates an expectation that the Association's members and/or CGFMs will do the right thing in any given situation.

Ethics ultimately is a matter of personal responsibility. Consistently making ethically correct decisions is not easy. It requires commitment and practice, which require first an awareness and then a motivation to act ethically. This code, and the Association as a whole, provide guidance and support to members and/or CGFMs.

The public should reasonably expect that those who serve government are trustworthy. By accepting the opportunity to serve, Association members must also recognize the obligation to be accountable, which includes:

- Becoming familiar with and abiding by the expectations, standards and rules of the position and seeking out necessary information to interpret and apply them.
- Accepting personal responsibility for the foreseeable consequences of actions and inactions.
- Taking into account the long-term interest of the government and its citizens.

*On this basis, AGA has developed its Code of Ethics and the objectives, principles and interpretations that support the code. Unless a limitation is specifically stated, the guidance in this code applies equally to members and Certified Government Financial Managers (CGFMs), whether they are in federal, state or local government, industry, or academia or are retired. Holders of future certifications that may be developed by or with AGA shall abide by the code.*

### **Government Financial Management Profession**

A profession is distinguished by certain characteristics including:

- Mastery of a particular skill, acquired by training and education;
- Adherence by its members to a common code of values and conduct established by its administrative body, including maintaining an outlook that is essentially objective; and
- Acceptance of a duty to society as a whole (usually in return for restrictions in use of a title or in granting of a qualification).

The government financial management profession is characterized by its efforts to achieve common objectives and by its observance of certain fundamental principles. The code sets standards of conduct for members and states the fundamental principles members must observe in order to achieve common objectives.

A member's duty to the government financial management profession and to society may at times seem to conflict with the individual's immediate self-interest or duty of loyalty to his/her employer. Against this background, the Association sets ethical requirements for its members to ensure the highest quality of performance and to maintain public confidence in the profession.

### ***The Public Interest***

The distinguishing marks of a profession are its acceptance by the public and the profession's acceptance of its responsibility to the public. The government financial management public consists of citizens, taxpayers, customers, employers, employees, investors, the business and financial community, and others who rely on the objectivity and integrity of government financial managers to maintain the orderly functioning of government. This reliance imposes a public interest responsibility on the government financial management profession. The public interest is defined as the collective well-being of the community of people and institutions the government financial manager serves.

A government financial manager's responsibility is not exclusively to satisfy the needs of an employer or client. The standards of the government financial management profession are heavily determined by the public interest, for example:

- Independent auditors help to maintain the integrity and efficiency of the financial statements presented to the public and to financial institutions in partial support for loans and financing;
- Financial executives and professionals serve in various financial management capacities in organizations and contribute to the efficient and effective use of the organization's resources;
- Internal auditors provide assurance about a sound internal control system (enhancing the reliability of the external financial information of the employer) and provide objective evaluations upon which management can base decisions and policy;
- Budget executives and professionals assist in formulating and implementing plans/programs to acquire and apply financial resources to address public policy issues; and
- Systems executives and professionals develop and implement systems, policies and procedures to effectively apply information technology in the implementation of government programs.

Government financial managers play an important role in society. Employers, creditors and other sectors of the business community, as well as the government and the public at large rely on government financial managers for sound accounting and reporting and effective financial management. The attitude and behavior of government financial managers in providing these services has an impact on the economic well-being of their community and country as well as the confidence of the people in their government.

Government financial managers provide the public with unique services at a level that demonstrates that the public confidence is firmly founded. To keep the confidence of government's most important customer, the public, members follow an established Code of Ethics.

### **Objectives**

The code recognizes that the objectives of the government financial management profession are to work at the highest standards of professionalism, to attain the highest levels of performance and generally to meet the public interest requirement set out above. These objectives require that four basic needs be met:

- *Credibility*  
Society needs credibility in government information and information systems.
- *Professionalism*  
The public, employers, clients and other interested parties need to easily identify professionals in the government financial management field.
- *Quality of Services*  
The public needs the assurance that all services obtained from a government financial manager are carried out to the highest standards of performance.
- *Confidence*  
Users of the services of government financial managers should be able to feel confident that there is a framework of professional ethics that governs the provision of those services.

## **Principles**

In order to achieve the objectives of our profession, government financial managers must observe certain fundamental principles, which are:

- *Integrity*  
Be straightforward and honest in performing professional services.
- *Objectivity*  
Be fair and do not allow prejudice or bias, conflict of interest or influence of others to override objectivity.
- *Professional Competence and Due Care*  
Perform professional services with due care, competence, and diligence. Recognize the continuing duty to maintain professional knowledge and skill at a level required to ensure that an employer or client receives the advantage of competent professional service based on up-to-date developments in practice, legislation and techniques.
- *Confidentiality*  
Respect the confidentiality of information acquired during the course of performing professional services and do not disclose or use any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose.

- *Professional Behavior*  
Act in a manner consistent with the good reputation of the profession and refrain from any conduct that might bring discredit to the profession.
- *Technical Standards*  
Carry out professional services in accordance with the relevant technical and professional standards. Recognize the duty to carry out with care and skill, the instructions of the employer or client insofar as they are compatible with the requirements of integrity, objectivity, and, where applicable, independence.

## **Professional Conduct**

### ***Personal Behavior***

1. Actively promote and encourage the highest level of ethics within the government financial management community.
2. Conduct yourself with integrity, dignity and respect for others.
3. Transmit or use confidential information obtained in your professional work only for the purpose intended and not for personal gain or other advantage or to the disadvantage of others.
4. Adhere to the standards of conduct of your employer and any professional associations or organizations of which you are a member.

### ***Professional Competence and Performance***

5. Strive to perform the duties of your position and supervise the work of your subordinates with the highest degree of professional care.
6. Continually seek to increase your professional knowledge and skills to improve your service to employers, associates and fellow members.
7. Render opinions, observations or conclusions for official purposes only after appropriate consideration of the pertinent facts and after assuring yourself that you have the appropriate expertise and are free from real or perceived conflicts of interest.
8. Exercise diligence, objectivity and honesty in your professional activities and be aware of your responsibility to disclose improprieties that come to your attention to the appropriate parties.
9. Be aware of and strive to apply work-related requirements and standards prescribed by authorized government agencies and employers.

### ***Responsibilities to Others***

10. Consider the public interest to be paramount in carrying out your duties.
11. Avoid any activity that creates or gives the appearance of a conflict with your employer-related responsibilities.

## **Guidance and Enforcement**

Members and CGFMs have an affirmative duty to be familiar with the code and to identify and resolve ethical issues before acting.

The National Executive Committee (NEC) has delegated the authority for review of inquiries to the Ethics Board.

The Association will strive to maintain confidentiality on all inquiries and investigations. It is acknowledged that as a necessary part of replying to an inquiry or conducting an investigation, others may become aware of confidential information.

Inquiries must be in writing and may be submitted by mail, e-mail or fax to the Association's Executive Director. Inquiries of a sensitive nature should be by mail only and should be clearly marked "Ethics Confidential." Inquiries will be acknowledged.

The following guidelines apply to ethics investigations:

1. Investigations of violations of the code can result from inquiries or complaints from members or non-members or from information received from any other sources.
2. The Association will not accept the resignation of a member or CGFM while the individual is under investigation for violations of the code. AGA reserves the right to pursue and disclose the result of an investigation regardless of the person's intent to resign membership or their CGFM certificate.
3. Before disciplinary action is taken, the member or CGFM will be provided an opportunity to respond and to provide relevant information.
4. Disciplinary action may include:
  - a. Remedial action by the member or CGFM, such as additional education.
  - b. A warning.
  - c. Censure (written reprimand to membership and/or CGFM file).
  - d. Suspension of membership and/or CGFM certificate for specified time.
  - e. Termination of membership and/or CGFM certificate.
  - f. Payment of the investigation costs.
5. The Ethics Board is authorized to investigate allegations or inquiries, determine the validity of the allegations and issue disciplinary action to members and CGFMs.
6. The member or CGFM will receive written notice of the disciplinary action and has the right to appeal the decision and/or the disciplinary action to the NEC.
7. A person whose CGFM certificate has been revoked may petition for reinstatement of his or her certificate. Based on its merits, a reinstatement request may be accepted by the NEC.
8. A person whose AGA membership has been revoked may petition for reinstatement of his or her membership. Based on its merits, a reinstatement request may be accepted by the NEC.
9. The Association may publicize any disciplinary action taken.

**Note: This listing is a summary, reflecting concepts and intentions of the ethics investigation process. Resolution of cases is intended to follow the due process set out in the Association's current Ethics Handbook.**

### *Definitions*

AGA -- Association of Government Accountants

*The Association* – The Association of Government Accountants

*CGFM* – Certified Government Financial Manager (Note: Unless otherwise indicated, all references to members apply to CGFMs who are not members).

*Code* – The Code of Ethics of the Association of Government Accountants

*Diligence* – Pursuing an event, action or assignment to a timely and sufficient end or close.

*Government Financial Management* – Activities associated with the operation and control of the fiscal and administrative matters of government(s), including but not limited to auditing, accounting, budgeting and systems as well as associated activities such as human resource administration, training and education.

*Government Financial Manager* – An individual engaged in or responsible for government financial management activities.

*Independence* – Freedom from actual or perceived impairments, whether mental, physical, personal, financial or other.

*Members* – As defined under Article IV, Membership in AGA's National Bylaws.

*Objectivity* – A combination of impartiality, intellectual honesty and a freedom from prejudice, bias and conflicts of interest or the influence of others.

*Professional Associations and Organizations* – Any body or group of individuals bound together by a professional discipline or interest related to public financial management to enhance and further the goals and objectives prescribed by that body or group. In addition to the Association of Government Accountants, examples include the American Institute of Certified Public Accountants, state CPA societies, American Society of Military Comptrollers, Institute of Internal Auditors, and Government Finance Officers Association.

*Professional Work* – Any service performed by a member requiring government financial management or related skills whether or not compensated.

## **PART II - Excerpts from AGA Bylaws**

### Code of Ethics (Article III)

#### 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, certified government financial managers (CGFMs), and for the information of their employers. AGA members and / or CGFMs are expected to abide by the Association's Code of Ethics. Amendments to the Code of Ethics shall be approved by the National Board of Directors (NBD) in accordance with Article VI, Section 1.(c) (1) of the Bylaws. The Code of Ethics shall be published and distributed to the membership and CGFMs.

#### A. Duties of Members (Article IV, Section 9)

It is the duty and responsibility of members to:

- a. Endorse the purpose and objectives of the Association;
- b. Uphold and be guided in their professional conduct by the Association's Code of Ethics; and
- c. Cooperate with the Professional Ethics Board in any investigations of violations of the Code of Ethics.

#### B. Resignation of Members (Article IV, Section 10)

Members may resign at any time, except that no member shall be permitted to resign while under investigation for a violation of the Association's Code of Ethics.

#### C. Removal of Members (Article IV, Section 11)

- a. Disciplining members is performed by the Association under the terms of these Bylaws and as provided in the Association's Policies and Procedures.
- b. A member who has been appropriately invoiced and who fails to pay his or her membership dues for a period of two months after the due date shall be suspended automatically as a member of the Association. Suspended members who continue to fail to pay their membership dues shall be removed automatically from the rolls of the Association four months after the suspension date.
- c. Membership in the Association may be suspended by the National Executive Committee as provided in the Association's Policies and Procedures.

#### D. Reinstatement (Article IV, Section 12)

The Association's National Executive Committee may prescribe the conditions, policies and procedures under which members may be reinstated.

## **PART III - Ethics Board Charter**

### **Objective**

To administer and propose amendments to the AGA Code of Ethics commensurate with high standards of professional and personal conduct, and to assure that a high standard of ethics is followed by all AGA members and/or CGFMs.

### **Tasks**

- ◆ To administer and propose amendments to the AGA Code of Ethics.
- ◆ To disseminate the AGA Code of Ethics to all chapters and members.
- ◆ To interpret questions relative to the AGA Code of Ethics.
- ◆ To review allegations of violations of the AGA Code of Ethics.
- ◆ To determine the validity of allegations of violations of the AGA Code of Ethics.
- ◆ To advise parties involved in a proceeding as to the results of the investigation, the decision made, and appeal rights when appropriate.
- ◆ To impose sanctions in those instances where there have been violations of the AGA Code of Ethics.

### **Organization**

- ◆ The Professional Ethics Board.
- ◆ One or more ad hoc Investigative Panels.
- ◆ An ad hoc Hearing Panel.

Ad hoc panel members to be appointed by the Professional Ethics Board when a requirement for the group exists. The term of the Investigative Panel or Hearing Panel will be for one year or less, subject to extension if circumstances require as determined by the Board. No Board member will be appointed to an Investigative Panel or Hearing Panel.

### **Operation**

- ◆ The Board will review the Association Code of Ethics to determine what changes, if any, should be recommended. These will be submitted to the National Office for submission to the National Executive Committee and the National Board of Directors.
- ◆ The Board will draft proposed operating procedures governing its operations for inclusion in the Policies and Procedures Manual. These procedures will be submitted to the Executive Director who will forward them to the National Executive Committee for approval.
- ◆ A short booklet will be issued on the Association's Code of Ethics and on the methods for maintaining conformance with them.
- ◆ As the need arises, one or more Investigative Panels will be appointed to investigate alleged violations of the Association's Code of Ethics. Upon completion of each investigation, the Panel will report its findings in writing to the Board for referral as the investigation findings dictate to a designated Hearing Panel, which will hear evidence. After hearing all the

evidence, the Hearing Panel will render its judgment and recommend whatever sanctions are deemed appropriate in the circumstances.

- ◆ The Ethics Board will review each case before the decision of the Hearing Panel is released. The Board may approve, disapprove or modify the decision of the Hearing Panel.

### **Personnel**

- ◆ Board members shall be appointed for a three-year term and may be reappointed for an additional three-year term. The Chair and Vice Chair will serve a one-year term, but he/she can be appointed to serve additional terms. The Association's Executive Director and the Director of Education and Research shall be ex-officio Board members. The Board member terms will coincide with the program year of the Association in the manner prescribed in Article IX, Section 1, of the Bylaws. Terms shall be staggered in such a manner that the terms of not more than one-third of the Board shall expire at the end of any program year. Vacancies in unexpired terms of members of the Board shall be filled as promptly as practicable.
- ◆ To the extent reasonably practical, Board members should represent a cross section of disciplines represented by Association membership. The Board shall consist of nine members (including the Chair and Vice Chair). Of the nine members, at least two members shall be from federal government and at least two members shall be from state/local government.

## **PART IV - Ethics Pronouncements & Inquiries**

*Note: The following sections through the end of the Handbook are intended as detailed procedures for carrying out AGA's ethics mission. These procedures are intended as due process. They take precedence over the nine (9) summary steps listed under "Guidance and Enforcement" with AGA's current Code of Ethics approved in September 1998.*

### **A. Ethics Pronouncements**

#### 1. Types of AGA Pronouncements

- a. Standards -the published Code of Ethics
- b. Interpretations - guidelines as to the scope and application of provisions of the Code.
- c. Rulings - applications of the Code and interpretations to a particular set of facts.

#### 2. Enforceability.

Any violation of the Code of Ethics is subject to the discipline of the Association through the Professional Ethics Board. However, in determining whether the Code has been violated:

- a. A member who departs from a published interpretation will have the burden of justifying such departure in any disciplinary proceeding.
- b. A member who departs from a published ruling may be requested by the NEC to justify such departure.

#### 3. Additions, deletions, amendments.

##### a. Why new pronouncements arise.

- 1) Inquiries received by the Board show that existing pronouncements do not cover a particular subject.
- 2) Complaints received by the Board indicate that current standards, interpretations and rulings do not cover the type of activity reported.
- 3) Existing ethics standards require modification to bring them up-to date with the current Professional Ethics Board position on the application of the Code.
- 4) New situations arise in the practice of accounting and management that require standards, interpretations or rulings.

##### b. Amendments to the Code of Ethics are proposed and processed as prescribed for amendments to the Bylaws of which the Code of Ethics is a part.

##### c. Effective date of new pronouncements.

Pronouncements other than amendments to the Code are effective on the date of publication in Government Financial Management TOPICS.

### **B. Ethics Inquiries and Investigations**

An "ethics inquiry" is designed to help guide members facing ethical dilemmas in a proactive and non-threatening manner. An inquiry is NOT a full-blown investigation. The Professional Ethics Board encourages members to take advantage of the ethics inquiry process as a source of information and guidance in their decision making process.

#### 1. The National Executive Committee may reply to requests for interpretations or rulings from:

- a. Individual members of AGA.
- b. Chapters of AGA.

#### 2. The following classes of ethics inquiries may be made:

- a. Situations where an existing provision of the Code of Ethics, interpretation or ruling is directly applicable.
- b. Situations where (a) does not apply and an interpretive opinion needs to be expressed to relate existing ethical standards to the question presented.

#### 3. Processing Inquiries

- a. Only written inquiries will be accepted; they may be submitted by mail, e-mail, or FAX. These inquiries should be addressed to the Association's Executive Director. Inquiries of a sensitive nature should be by mail only and should be clearly marked "Ethics Confidential." Inquiries will be acknowledged.
- b. An inquiry may be answered by the Chairman of the Ethics Board or by a member of the Board who has been authorized by the Board Chair to reply to inquiries.
- c. Inquiries requiring consideration by full Board.  
Certain inquiries may be so complex or present such new issues that they should be discussed at a Board meeting or as an alternative by correspondence among the Board members.
- d. Regulations of government agencies.  
Inquirers should be advised to review the regulations of government agencies such as the Office of Government Ethics, SEC, GAO, Treasury Department, Federal Home Loan Bank Board, State Boards of Accountancy, etc., where applicable.
- e. Confidentiality.  
It should be made known to inquirers, to Board members and to staff that, in so far as reasonably possible, there is intention to maintain strict confidentiality within the Board on all inquiries.
- f. Inquiries potentially involving ethics complaints or litigation.
  - (1) The Board should be sensitive to inquiries that suggest they might be a prelude to the filing of a complaint or involve a situation where litigation may exist. As a matter of AGA policy, the Board does not give legal advice or make "expert" statements usable in litigation.
  - (2) Replies are only given when all relevant facts are available.
  - (3) In replying to a general inquiry, consideration is given to the following:
    - (a) Whether the inquirer is merely seeking references to the ethical standards that exist on a particular subject. If so, provide the applicable references.
    - (b) Whether the inquirer is seeking an opinion on the ethical conduct of an AGA member. If so, it is especially important that no interpretive reply is given unless assured that facts are all detailed. Interpretations of another body's Standards of Conduct or Code of Ethics will be reserved to that entity.
    - (c) Whether the inquirer is seeking guidance to decide whether to file an ethics complaint. Care must be taken to be helpful in identifying what would be a potential ethics violation if the facts are true but not to give any conclusions to the inquirer. Until the other side of the story is obtained, any conclusion could be unwarranted and may create a potential legal problem.
  - (4) Ethical complaints against a specific AGA member will be processed through the investigative and hearing procedures rather than through these ethics inquiry procedures.
  - (5) This Handbook lists time limits for selected steps of the investigations, hearings and appeals procedures. The Professional Ethics Board Chair is responsible for determining if changes to those time periods are warranted in a specific case, and notifying all parties affected if a time limit is changed.

All reply letters shall contain the following caveat:  
*"This reply is based upon the facts as presented. Additional or changed facts could change this reply."*

## **PART V- Investigation Procedures**

### **A. Investigations of violations of the AGA Code of Ethics can result from:**

1. Complaints received from members and nonmembers.
2. Receipt of information from other sources.

### **B. Who investigates?**

1. The Ethics Board is responsible for reviewing the alleged ethics violation. If the Board decides no action is warranted in the circumstances, no investigation will be ordered. The reasons therefore, together with a copy of the allegation, will be made a matter of record.
2. All investigations of alleged ethics violations will be done by an Investigative Panel appointed by the Professional Ethics Board.

### **C. General**

Every investigation should be pursued as expeditiously as possible. Complaints should be acknowledged. A complaint file is opened only when a decision has been made to open an investigation.

### **D. Deferral of investigation due to litigation**

1. For these purposes litigation means civil, criminal or administrative actions initiated by persons, entities or government agencies, and all appeal processes involving matters that would be subject of an investigation.
2. If litigation is involved, the respondent, in order to have the investigation deferred, must send a letter to the Professional Ethics Board detailing how the subject of the investigation is involved in litigation.
3. As soon as the litigation is completed, investigation by the Ethics Board should commence. The respondent should notify the Ethics Board within fifteen (15) days of completion of litigation.
4. Semi-annual follow-up with the respondent will be made to determine the status of litigation.

### **E. Conflict of interest by an Ethics Board member**

If a complainant or respondent is associated with an Ethics Board member, the Ethics Board member should exclude himself/herself from deliberation on the ethics matter. The Ethics Board member will not receive copies of minutes or correspondence that refer to the matter in question. The Ethics Board member must not correspond, participate in or observe Board discussions, answer questions or vote.

### **F. Investigation Procedures**

1. Letters to respondents.
  - a. Letters to respondents are to be tailored to the situation at hand. The purpose of such letters is to advise the respondent of the pending action and to obtain information so that the Ethics Board and an Investigative Panel will have a more complete understanding of the matter.
  - b. All letters and envelopes sent to respondents by the Ethics Board or its constituent units should be marked "Personal and Confidential." In addition, the first or opening letter to a respondent should include the following statement in the body of the letter: *"Initiation of an investigation does not mean that the Professional Ethics Board has concluded that a violation of AGA's Code of Ethics occurred."*

A copy of the AGA Ethics Handbook will be made available to each respondent.

- c. Under AGA Bylaws, and implementing procedures, a member will be disciplined for failure to cooperate. Therefore, care must be taken to ensure that the respondent has had adequate notice of the investigation.
  - d. If a respondent does not reply to a letter requesting information within fifteen (15) days, a follow-up letter should be sent by certified mail, return receipt requested, to the last known address of the respondent on AGA records and should begin by asking if the first letter was received. It should then inform the respondent that his/her failure to respond may be considered as non-cooperation and that he/she may be subject to disciplinary action if he/she does not reply to the Professional Ethics Board within fifteen (15) days of the date of the second letter. In this letter, the respondent should be reminded of the specific questions asked and/or information requested in the previous letter.
2. Interviews of respondents.
- a. In complex cases, representatives of the Ethics Investigative Panel will interview respondents before recommending administrative reprimand or Professional Ethics Board Hearing Panel action.
  - b. The Investigative Panel interview team should normally consist of at least two people, and the interview should be planned so as to maximize its effectiveness in obtaining information which will support an appropriate closing action.
  - c. It is required that a memorandum reporting the results of the interview be prepared. The memorandum should be a statement of the facts discussed during the interview and the respondent's replies to the Investigative Panel questions. The memorandum should be sent to the respondent, who should be given fifteen (15) days in which to comment thereon. A request for extension of time may be approved by the Investigative Panel when, in their judgment, circumstances warrant such extension.

## **G. Summary of Investigation Findings**

1. Findings of an Investigative Panel are to be presented to the Professional Ethics Board with the Panel's conclusion on the facts developed as to whether it believes the AGA Code of Ethics has been violated, and with one of the following recommendations:
  - a. No further action is needed.
  - b. Administrative reprimand, without referral to a Hearing Panel providing the Professional Ethics Board secures from the respondent written agreement for this action.
  - c. Referral to a Hearing Panel.
2. In a not complex investigation, the items to be presented to the Professional Ethics Board for its review and decision on the Investigative Panel's recommendations may include only the complaint, the first letter to the respondent and the reply to that letter.
3. In complex cases, it is necessary for the Investigative Panel to prepare a comprehensive memo covering the nature and background of the complaint, the specific issues involved, the results of the interviews and any other material that the Investigative Panel believes the Professional Ethics Board or a Hearing Panel should know. This memo should also include the description of any mitigating circumstances.

## **PART VI - Hearing Procedures**

### **A. Initiation of a Hearing**

Hearings of alleged violations of the AGA Code of Ethics are initiated by the Professional Ethics Board after considering the recommendation from the Investigative Panel. The Investigative Panel recommends referral to a Hearing Panel when the facts developed during the investigation indicate that the AGA Code of Ethics has been violated, and the respondent should have the maximum opportunity to present his/her side of the issue.

### **B. Selection of Hearing Panels**

Hearing Panels shall consist of three (3) members appointed by the Professional Ethics Board. Panel members selected must:

1. Be impartial;
2. Not have participated in any manner in the investigation resulting in the decision to initiate the hearing; and
3. Not be associated through employment or otherwise with the respondent or with the agency where the respondent works.
4. Not be a Professional Ethics Board member.

The Professional Ethics Board shall appoint the chairperson, who is the Charging Authority and a secretary for the panel. The secretary will be responsible for preparing and sending the notice of hearing to the respondent, for general administrative tasks and for arranging a tape recording of the hearing. The respondent has the option of obtaining the services of a court reporter at his/her expense.

### **C. Organizing the Hearing**

The chairperson of the Hearing Panel shall set a reasonable time, date and place for the hearing. In setting the hearing date, due regard shall be given to the respondent's need for:

1. Adequate time to prepare a defense properly; and
2. An expeditious resolution of allegations that may be damaging to his/her reputation.

In setting the hearing place, consideration should be given to:

1. Selecting a neutral location with adequate facilities for conducting the hearing; and
2. The travel required for the respondent and the panel members.

### **D. General Procedures**

Proceedings before a Hearing Panel are informal. Proceedings are not subject to the formal rules of evidence. Therefore, the oral or written statement of any witness, any documents, data, letters or copies thereof, whether or not authenticated by oath or otherwise, may be considered relevant by the Hearing Panel. A hearing procedure shall include at a minimum the following rights:

1. To represent oneself or to be represented by counsel who may, but need not be, an attorney at law provided at the respondent's expense;
2. To introduce and examine witnesses and to submit physical evidence;
3. To confront and cross-examine adverse witnesses;
4. To present oral argument; and
5. To have a transcript or recording of the proceedings available on request.

### **E. Notice of Hearing**

In all cases where a formal ethics charge is to be heard by a Hearing Panel, the secretary of the Hearing Panel shall mail to the respondent, at least thirty (30) days prior to the proposed hearing

date, a "Notice of Hearing" which shall contain a full description of the charge or charges against the respondent and the time and place of the hearing. Such notices, when mailed by certified mail, postage prepaid, addressed to the respondent at his/her last known address as reflected in the records of the AGA, shall be deemed to be properly served. AGA promulgation upon which the Ethics Charging Authority (the chairperson of the Investigative Panel or a designee appointed by the Professional Ethics Board) intends to rely shall accompany the notice of hearing. This shall be designed to provide the respondent with as much information as possible to ensure every opportunity for a fair hearing.

#### **F. Agenda for Hearing**

Set forth here as Appendix A is a suggested procedure for the conduct of a disciplinary hearing. This document is not binding on the hearing panel and is provided for guidance only.

#### **G. Briefs and Memoranda**

1. The Ethics Charging Authority shall present the Hearing Panel with a hearing memorandum and an appendix containing the material upon which it intends to rely at the hearing. Copies of all material shall be furnished to the respondent at the time of the mailing of the Notice of Hearing described in Paragraph E.
2. The respondent will be requested to furnish a reply memorandum to the secretary of the Hearing Panel at least seven (7) days before the hearing date scheduled in the notice described in Paragraph E. This memorandum shall set forth the respondent's answer to the specific charges contained in the hearing memorandum.

#### **H. Postponements**

1. A postponement is not a matter of right and may be granted only upon the showing of good cause.
2. Prior to the time set for the hearing, the chairperson of the Hearing Panel is empowered to postpone the hearing of a pending case and to reschedule the case for a later date.
3. Any hearing panel, when in actual session for the purpose of hearing a case, may postpone the scheduled hearing of such case and designate a new hearing date upon a showing of good cause by the respondent. Such action shall be taken as a body and by majority vote. This rule shall not prevent the respondent whose request is denied from reasserting the substance of his request for postponement and its denial as a basis for a request for review under these rules following a decision on the merits of the case.

#### **I. Appearances and Confidentiality**

1. A respondent may appear in person and/or be represented by counsel of his choice at any hearing before any hearing panel. The panel is empowered to conduct a hearing, regardless of whether or not the respondent or his representative actually attends, if the Hearing Panel finds that proper notice has been given to the respondent and there is no compelling reason not to proceed.
3. Both the respondent and the Ethics Charging Authority may produce such witnesses as they deem appropriate. Witnesses will be informed of the confidential nature of the proceedings and will be instructed by the chairperson that, unless otherwise required, they are to remain silent about their testimony and the hearing.
3. On motion of the respondent, the Ethics Charging Authority or his/her representative, or any member or members of the Hearing Panel, witnesses will be excluded from the hearing room except during such time as they are actually giving testimony.
4. All hearings are closed. However, a respondent's written request to admit his/her family or AGA members may be granted by the chairperson.

## **J. Disciplinary Action**

Based on the evidence reviewed during the hearings process, the Hearing Panel will advise the Professional Ethics Board of their decision on the charges and, where appropriate based on clear and convincing evidence, what disciplinary action should be imposed. A written report on the results of the hearing, including a complete explanation of the issues, evidence and testimony, together with the panel's recommendation, is to be submitted to the Professional Ethics Board expeditiously. Disciplinary actions may include:

1. Remedial action such as additional education by the member or CGFM.
2. A warning (verbal).
3. Censure (written reprimand to membership file and CGFM Board).
4. Suspension of membership for a specified period of time.
5. Termination of membership and/or CGFM Certificate.
6. Payment of the costs of investigation.

If the Professional Ethics Board does not agree with the Hearing Panel recommendation for disciplinary action, it may impose a different disciplinary action or dismiss the case. A final decision shall become effective fifteen (15) days after it is made. Decisions of the Professional Ethics Board are final.

The Association may publicize any disciplinary actions taken.

## **K. Appeals Process**

1. Once the respondent receives the final decision of the Professional Ethics Board, the respondent may appeal the Board's decision. To appeal, the respondent must submit a written appeal including all pertinent facts and or materials related to the case, within fifteen (15) calendar days of receiving the Ethics Board's decision. Written appeals must be submitted by certified mail to the National Executive Committee of AGA.
2. The National Executive Committee of AGA has thirty (30) days after receipt of an appeal to consider the case and render a final decision to the Ethics Board and the respondent (by certified mail).

## **APPENDIX A:**

### **SUGGESTED HEARING PANEL PROCEDURES**

1. The chairperson calls the meeting to order. The secretary should ensure that an acceptable record of the hearing is to be made.

2. The chairperson requests respondent and his/her counsel, if any, and the Ethics Charging Authority's representatives to appear. The secretary escorts the parties and their representatives to the meeting room and presents them to the chairperson, who then identifies the other members of the panel.

3. The secretary notes the presence of the representative of the Ethics Charging Authority and counsel, if present, and the reporter, if any. He/she calls the roll of the members of the Hearing Panel.

After the roll is called, the secretary announces for the record whether a quorum is present. (A quorum is a majority of those appointed to the panel).

The chairperson should caution all persons present of the confidential nature of all matters to be discussed at the hearing under these rules. The respondent and the Ethics Charging Authority then will be asked to identify their witnesses for the record.

If neither the respondent nor a representative is present, the chairperson may proceed if he/she determines on the record that proper notice of the hearing has been accomplished in accordance with Section E of the hearing procedures.

If the respondent then makes an application for postponement of the hearing, such request is then considered in accordance with these rules.

4. Unless dispensed with/by consent of the members present and the respondent or his/her counsel, if present, the chairperson reads the notice of the hearing, which has been sent to the members of the Hearing Panel.

5. The chairperson explains that the hearing will be conducted in accordance with these rules and that the formal rules of evidence do not apply. If during the course of the hearing the respondent, his/her counsel, or a member of the Hearing Panel objects to a line of questioning or to the submission of a particular item of evidence, the chairperson is empowered to rule. Ordinarily, witnesses, if any, will be questioned first by the side calling them and then by the opposing party.

6. The chairperson calls on the representative of the Ethics Charging Authority or its counsel to present the case. In the course of his/her presentation, any exhibits to be introduced are passed to the respondent (or his/her counsel) for inspection. They are then passed to the chairperson who orally indicates acceptance if they are to be admitted.

7. On completion of the Ethics Charging Authority's presentation, the chairperson inquires whether any members of the Hearing Panel wish to ask questions. He/she also inquires whether the respondent or his/her counsel wishes to question the representative of the Ethics Charging Authority.

8. The chairperson then calls on the respondent or his/her representative to answer the charges and submit any evidence in support of his/her answer.

9. On completion of the respondent's presentation, the members of the Hearing Panel may then question the respondent or his/her counsel. The chairperson may invite any comments or questions likely to reveal additional relevant facts.

10. The chairperson then inquires whether the representative of the Ethics Charging Authority or its counsel plans to offer anything in rebuttal or to ask any questions of the respondent or his/her representative. A similar inquiry is made of the respondent or his/her counsel at the appropriate point.

11. On completion of the presentation of evidence and discussion, all persons, other than members of the Hearing Panel, its secretary and its counsel, if any, retire from the room.

12. The Hearing Panel then determines in executive session its disposition of the case by polling all participating members, including the chairperson. The procedure in this respect shall be as follows:

a. With respect to each charge, a motion is made by one of the members to find the respondent guilty or not guilty, as the case may be.

b. The motion is discussed.

c. A vote is then taken on the motion and the respondent is found either guilty or not guilty. This is done by a majority vote.

d. If found guilty on one or more charges, votes are taken to determine the punishment to be imposed. Ordinarily, the most serious form of punishment is voted on first. A majority vote is required in order to recommend a disciplinary action.

13. The Hearing Panel will see to it that a written report is prepared expeditiously, including a complete explanation of the issues, evidence, testimony and the panel's recommendation for disciplinary action. The report is then submitted to the Professional Ethics Board.

## **APPENDIX B:**

### **STANDARDS FOR IMPOSING MEMBER SANCTIONS**

#### Definitions

*“Client”* is a person or organization who engages the professional advice or services of another, e.g., employer.

*“Injury”* is harm to a client, the public, the Association, or the financial management profession that results from a member’s misconduct. The level of injury can range from “serious” injury to “little or no” injury; a reference to injury alone indicates any level of injury greater than “little or no” injury.

*“Intent”* is the conscious objective or purpose to accomplish a particular result.

*“Knowledge”* is the conscious awareness of the nature or attendant circumstances of the conduct but without the conscious objective or purpose to accomplish a particular result.

*“Negligence”* is the failure of a member to heed a substantial risk that circumstances exist or that a result will follow, which failure is a deviation from the standard of care that a reasonable member would exercise in the situation.

*“Potential injury”* is the harm to a client, the public, the Association, or the financial management profession that is reasonably foreseeable at the time of the member’s misconduct, and which, but for some intervening factor or event, would probably have resulted from the member’s misconduct

#### A. PURPOSE AND NATURE OF SANCTIONS

- 1.1 Purpose of Member Discipline Proceedings. The purpose of member discipline proceedings is to protect the Association, the public, government offices, and officials from members who have not discharged, will not discharge, or are unlikely to properly discharge their professional duties to their clients, the public, their employer, and the government financial management profession.
- 1.2 Public Nature of Member Discipline. Ultimate disposition of member discipline may be public in cases of termination and suspension.
- 1.3 Purpose of These Standards. These standards are designed for use in imposing a sanction or sanctions following a determination by clear and convincing evidence that a member of the Association has violated a provision of the AGA Code of Ethics. Descriptions in these standards of substantive disciplinary offenses are not intended to create grounds for determining culpability independent of the Code of Ethics. The Standards constitute a model, setting forth a comprehensive system for determining sanctions, permitting flexibility and creativity in assigning sanctions in particular cases of member misconduct. They are designed to promote: (1) consideration of all factors relevant to imposing the appropriate level of sanction in an individual case; (2) consideration of the appropriate weight of such factors in

light of the stated goals of member discipline; and (3) consistency in the imposition of disciplinary sanctions for the same or similar offenses.

## B. SANCTIONS

### 2.1 Scope

A disciplinary sanction is imposed on a member or CGFM Certificate holder upon a finding or acknowledgment that the member violated the AGA Code of Ethics.

### 2.2 Termination

Termination ends the individual's status as a member. No application for readmission to the Association will be considered for two years from the effective date of termination.

### 2.3 Suspension

Suspension is the removal of a member from the Association for a specified period of time. Generally, suspension should be for a period of time equal to or greater than six months, but in no event should the time period prior to the application for reinstatement be more than two years.

### 2.4 Interim Suspension

Interim suspension is the temporary suspension of a member from the Association pending imposition of final discipline. Interim suspension includes:

- a) suspension upon conviction of a serious crime or,
- b) suspension when the member's continuing conduct is or is likely to cause immediate and serious injury to the public, the individual's employer, or the AGA and government financial management profession.

### 2.5 Reprimand

A reprimand, also known as censure or public censure, is a form of public discipline which declared the conduct of the member improper, but does not limit the member's right to participate in the Association.

### 2.6 Reciprocal Discipline

Reciprocal discipline is the imposition of a disciplinary sanction on a member who has been disciplined by another association or professional organization.

## C. FACTORS TO BE CONSIDERED IN IMPOSING SANCTIONS

### 3.0 GENERALLY

In imposing a sanction after a finding of member misconduct, the Ethics Board should consider the following:

- a) the standard violated;
- b) the potential or actual injury caused by the member's misconduct; and
- c) the existence of aggravating or mitigating factors.

### 4.0 VIOLATIONS OF DUTIES OWED TO CLIENTS

#### 4.1 Failure to Preserve the Client's Property

4.11 Termination is generally appropriate when a member knowingly converts client property and causes injury or potential injury to a client.

4.12 Suspension is generally appropriate when a member knows or should know that he is dealing improperly with client's property and causes injury or potential injury to a client.

4.13 Reprimand is generally appropriate when the member is negligent in dealing with the client's property and causes little or no actual or potential injury.

#### 4.2 Failure to Preserve the Client's Confidences

4.21 Termination is generally appropriate when a member, with the intent to benefit the member or another, knowingly reveals information relating to the client not otherwise lawfully permitted to be disclosed; the disclosure causes injury or potential injury to the client.

4.22 Suspension is generally appropriate when a member knowingly reveals information relating to the client not otherwise lawfully permitted to be disclosed and this disclosure causes injury or potential injury to the client.

4.23 Reprimand is generally appropriate when a member negligently reveals client information not otherwise lawfully permitted to be disclosed and there is no actual or potential injury to the client.

#### 4.3 Failure to Avoid Conflicts of Interest

4.31 Termination is generally appropriate when a member without the informed consent of the client(s):

a) works for a client knowing that the member's interests are adverse to the client's with the intent to benefit the member or another, and causes serious or potentially serious injury to the client; or

b) simultaneously works for clients the member knows have adverse interests with the intent to benefit the member or another and causes serious or potentially serious injury to the client,

4.32 Suspension is generally appropriate when a member knows of a conflict of interest and does not fully disclose to a client the possible effect of that conflict, and causes injury or potential injury to the client.

4.33 Reprimand is generally appropriate when a member is negligent in determining whether or not his interests directly conflict with those of a client and the client suffers little or no actual or potential damages.

#### 4.4 Lack of Diligence

4.41 Termination is generally appropriate when a member:

a) knowingly fails to perform his duties and causes serious actual or potentially serious injury to a client; or

b) engages in a pattern of neglect with respect to his duties and causes serious actual or potentially serious injury to a client.

4.42 Suspension is generally appropriate when a member

a) fails to perform his duties and causes serious actual or potentially serious injury to a client; or

b) engages in neglect with respect to his duties and causes serious actual or potentially serious injury to a client

4.43 Reprimand is generally appropriate when a member is negligent in performing his duties and causes little or no actual or potential injury to a client.

#### 4.5 Lack of Competence

4.51 Termination is generally appropriate when a member's course of conduct demonstrates that the member does not understand the most fundamental financial management principles or procedures, and the member's behavior causes injury or potential injury to a client.

4.52 Suspension is generally appropriate when a member works in an area in which the member knows he or she is not competent and causes injury or potential injury to a client.

4.53 Reprimand is generally appropriate when a member:

- a) demonstrates failure to understand and practice relevant financial management principles and procedures and causes little or no actual or potential injury to a client; or
- b) is negligent in determining whether he or she is competent to handle specific financial management tasks and causes little or no actual or potential injury to a client.

## 5.0 VIOLATIONS OF DUTIES OWED TO THE PUBLIC

### 5.1 Failure to Maintain Personal Integrity

The following sanctions are generally appropriate in cases involving commission of a criminal act that reflects adversely on the member's honesty, trustworthiness, or fitness as a member in other respects, or in cases with behavior involving dishonesty, fraud, deceit or misrepresentation.

5.11 Termination is generally appropriate when a member:

- a) engages in serious criminal conduct which includes false swearing, misrepresentation, fraud, extortion, misappropriation, or theft; or the sale, distribution, or importation of controlled substances; or the intentional killing of another; or an attempt or conspiracy or solicitation of another to commit any of these offenses; or
- b) engages in any other intentional behavior involving dishonesty, fraud, deceit, or misrepresentation that seriously reflects on the member's fitness to serve as a public employee.

5.12 Suspension is generally appropriate when a member knowingly engages in criminal conduct not listed in the above Section (Termination) and that seriously adversely reflects on the member's fitness to serve as a public employee.

5.13 Reprimand is generally appropriate when a member knowingly engages in any other behavior or conduct that involves dishonesty, fraud, deceit, or misrepresentation and that adversely reflects on the member's fitness to be a public employee.

### 5.2 Failure to Maintain the Public Trust

The following sanctions are generally appropriate in cases involving members who engage in behavior or conduct that is prejudicial to the development and application of sound financial management principles or who state or imply an ability to influence improperly a government or private enterprise agency or official.

5.21 Termination is generally appropriate when a member in an official position knowingly misuses the position with the intent to obtain a significant benefit or advantage for their self or another, or with the intent to cause a serious or potentially serious injury to a party or the integrity of the government financial management process.

5.22 Suspension is generally appropriate when a member in an official position knowingly fails to follow proper procedures or other rules and causes injury or potential injury to a party or the integrity of the government financial management process.

5.23 Reprimand is generally appropriate when a member in an official position negligently fails to follow proper procedures or other rules and causes little or no actual or potential injury to a party or to the integrity of the government financial management process.

## 6.0 VIOLATIONS OF DUTIES OWED THE GOVERNMENT FINANCIAL MANAGEMENT PROFESSION

### 6.1 False Statements, Fraud and Misrepresentation

The following sanctions are generally appropriate in cases involving behavior or conduct that is detrimental to the government financial management profession or that involves dishonesty, fraud, deceit, or misrepresentations to an official party.

6.11 Termination is generally appropriate when a member, with the intent to deceive the party, makes a false statement, submits a false document, or improperly withholds material information, and causes serious or potentially serious injury to a party, or causes significant or a potentially significant adverse effect on the government financial management profession.

6.12 Suspension is generally appropriate when a member knows that false statements or documents are being submitted or used or that material information is being improperly withheld and takes no remedial action and causes injury or potential injury to a party or the government financial management profession.

6.13 Reprimand is generally appropriate when a member engages in isolated instances of neglect in determining whether submitted documents or statements are false or in failing to disclose material information upon learning of its falsity and causes little or no actual or potential injury to a party.

## 7.0 AGGRAVATION AND MITIGATION

### 7.1 Generally

After misconduct has been established, aggravating and mitigating circumstances may be considered in deciding what sanctions to impose.

### 7.2 Aggravation

7.21 Definition. Aggravation or aggravating circumstances are any considerations of factors that may justify an increase in the degree of discipline to be imposed.

7.22 Aggravating factors include:

- a) prior disciplinary offenses
- b) dishonest or selfish motive
- c) a pattern of misconduct
- d) multiple offenses
- e) bad faith obstruction of the disciplinary proceedings by intentionally failing to comply with the rules or requests of the Ethics Board
- f) submission of false evidence, false statements, or other deceptive practices during the disciplinary proceeding
- g) refusal to acknowledge wrongful nature of behavior or conduct
- h) illegal conduct or behavior including that involving the use of controlled substances

### 7.3 Mitigation

7.31 Definition. Mitigation or mitigating circumstances are any considerations of factors that may justify a reduction in the degree of discipline to be imposed.

7.32 Mitigating factors include:

- a) absence of a prior disciplinary record
- b) absence of a dishonest or selfish motive
- c) personal or emotional problems
- d) timely good faith effort to rectify consequences of behavior or misconduct
- e) full and free disclosure to the Ethics Board or cooperative attitude toward the proceedings
- f) character or reputation
- g) physical disability
- h) mental disability or chemical dependency including alcoholism or drug abuse when:
  - 1) there is medical evidence that the respondent is affected by a chemical dependency or mental illness;
  - 2) the chemical dependency or mental disability caused the misconduct;
  - 3) the respondent's recovery from the chemical dependency or mental disability is demonstrated by a meaningful and sustained period of successful rehabilitation; and
  - 4) the recovery arrested the misconduct and recurrence of the misconduct is unlikely.
- i) delay in disciplinary proceedings
- j) interim rehabilitation
- k) imposition of other penal ties or sanctions
- l) remorse
- m) remoteness of prior offenses.

#### 7.4 Factors Which Are Neither Aggravating nor Mitigating

The following factors should not be considered as either aggravating or mitigating:

- a) forced or compelled restitution
- b) agreeing to the party's demand for certain improper behavior or result
- c) withdrawal of the complaint against the member
- d) failure of injured party to complain.

## APPENDIX C:

### EXPLANATIONS AND INTERPRETATIONS

#### Personal Behavior

##### 1. **Actively promote and encourage the highest level of ethics within the government financial management community.**

We can maintain the public's confidence only to the extent that every one of our contacts with the public reflects the highest ethical and moral standards. There are certain rules arising from the principle of PUBLIC INTEREST that members and non-member CGFMs should observe and promote in order to achieve the objectives and principles of the government financial management profession and the Association of Government accountants.

**Bribery:** Do not provide favors or exercise official influence for money or any other thing of value.

**Persons seeking influence:** Do not accept gifts, favors, or gratuitous benefits of any kind from persons seeking official action from you or your agency, doing official business with you or your agency, or conducting activities which you or our agency regulate.

**Expressions of gratitude:** Do not accept any personal benefit other than your official salary as payments, rewards, or expressions of gratitude for the performance of a public duty or the exercise of official influence.

**Benefits given because of public position:** Do not accept gifts, favors, or benefits of any kind that would not be conferred but for your official position.

**Favoritism:** Do not use your official powers or influence to confer financial or other undue benefits on family, friends, or yourself.

**Use of Title:** Do not use your official title, badges or identification cards, official letterhead, or the stature of your public office to gain any personal advantages or in a way that creates the appearance that the government endorses your personal activities or those of others.

**Use of government resources:** Do not use government resources, including facilities, services, staff, supplies, or your own official time, for any purpose other than official duties.

**Use of nonpublic information:** Do not use information you gained through your official public employment for personal gain or any other reason other than the performance of your duties. Do not provide information you gain through your official duties to others, such as family members or friends.

**Good faith implementation:** Do acknowledge the authority of others to make policy. Implement policies and regulations of authorized policy makers in good faith and energetically.

**Duty to improve system:** Do actively and continuously seek to improve systems and procedures so that public service is rendered with the utmost courtesy, efficiency, and equity.

*Example 1: On three occasions during a calendar year, a government contracts auditor is offered computer software valued at \$25 each by a computer software company whose case the auditor has been assigned. The value of the gifts exceeds the \$20 limit per occasion and the \$50 annual limit imposed by the auditor's employer. The auditor must not accept the software. Even if the value of the software offered the auditor was less than the limits defined by the employer, the auditor should not accept it because so doing would create an appearance of impropriety by influencing his or her performance in performing their official duties.*

*Example 2: A government employee on vacation with his/her family checks into a resort hotel. The government employee shows his/her official identification to the hotel clerk and asks about government rates for the room. It is a violation of government regulations and ethical principles to use government identification in order to receive a government rate for no-official purposes. This could also create an appearance of impropriety by the government employee benefiting from his/her official position.*

*Example 3: A government official may not ask or require his/her Administrative Assistant to type (enter, key) personal correspondence during duty hours. Further, directing or coercing a subordinate to do such activities during non-duty hours is an improper use of public office for private gain. This action also shows a lack of respect for the subordinate.*

## **2. Conduct yourself with integrity, dignity, and respect for others.**

In addition to our daily assigned tasks, each of us has an important public relations role to play. Not only must we act with complete propriety, but we must be sure that none of our actions can be interpreted otherwise. The focus of ethics is on how you behave, i.e., your conduct and how others perceive it. We must always try to do the right things in our public jobs and our personal lives. As former Supreme Court Justice Potter Stewart said, "There is a big difference between what you have a right to do and what is right to do."\*

AGA members can demonstrate integrity by:

Acting in ways that are consistent with core beliefs and ensuring that practices are congruent with established and public principles.

Honoring and adhering to the principles of public service ethics, the mission and values of your organization, and your own personal moral beliefs with courage and character regardless of personal (family), political, social, and economic pressures.

Expressing and defending your concept of what is right and upholding your convictions to the best of your ability.

Demonstrating honest effort in the performance of your official duties.  
AGA members can demonstrate dignity by:

Showing a commitment to justice, equitable treatment of individuals, and appreciation for diversity in all official and managerial actions.

Being truthful, sincere, forthright, and, unless professional duties require confidentiality or special discretion, be candid, straightforward, and frank.

Keeping promises, fulfilling commitments, and abiding by the letter and spirit of agreements that bind you.

Accepting responsibility for the foreseeable consequences of actions and inactions.

AGA members can demonstrate respect for others by:

Making official and managerial decisions with impartiality and professional objectivity based on consistent and appropriate standards.

Acknowledging and honoring the right of those affected by official and managerial decisions to autonomy, privacy, the right to be treated fairly.

Treating all others with courtesy and decency.

**3. Transmit or use confidential information obtained in your professional work only for the purpose intended and not for personal gain or other advantage or to the disadvantage of others.**

The business of government is fueled by information, its primary asset. Protecting the public's privacy and safeguarding confidential information is a public trust. We must ensure that this trust is upheld. As AGA members and CGFMs, we must see that confidential and private information is used only for official purposes. We must also ensure that only information that is necessary or relevant to a government agency's mission or the legally mandated or authorized purpose is collected.

*Example 1: A government regulator is examining a company and discovers information that he/she believes shows the company is in extreme financial difficulty. A good friend of the government employee owns stock in the company and could lose a large amount of money when this information becomes publicly known. The government regulator informs the friend about the situation so that the friend can sell their stock before the "financial difficulty" information is made public, thus avoiding a potential loss. The government regulator acted improperly and possibly illegally by disclosing confidential information obtained through their work.*

*Example 2: A government claims examiner works part-time at ABC Corporation. The employment has been duly approved by the claims examiner's employer. As back-up to a co-worker who is on vacation, the claims examiner is assigned a case that includes a claim against his/her part time employer, ABC corporation. Since there may be a direct effect between the claims examiner's decision or action on the case and any expected effect on his/her financial interest in ABC corporation (continued employment), the claims examiner must notify his/her supervisor that a conflict of interest situation exists.*

**4. Adhere to the standards of conduct promulgated by your employer, your government, and any other professional associations or organizations of which you are a member.**

All of the applicable legal requirements on government employees and those doing business with the government should be interpreted and, when necessary, supplemented by codes of ethics or conduct. In many cases, however, different government bodies or professional organizations interpret the same goals more or less stringently. We as AGA members or CGFMs must be aware of and consider all the standards and interpretations that apply to us in our work. We must also seek guidance from appropriate counsel when resolving apparent conflicts.

*Example: A non-AGA member CGFM attended an AGA annual Professional Development Conference that was totally paid for by his/her employer. The CGFM won a door prize at the*

*PDC. The door prize, valued at over \$350 was donated by one of the conference exhibitors, a computer software company. The door prize was awarded at a conference luncheon in a random drawing from the names of all conference attendees. The door prize did not violate AGA standards of conduct or other guidelines. The prize recipient did not tell his/her employer of the prize. However, the CGFM's employer claimed the prize upon the recipient's return to the office based on their standards of conduct which stipulated that any prizes or gifts received by employees at events paid for by the employer became the property of the employer.*

## **Professional Competence and Performance**

### **5. Strive to perform the duties of your position and supervise the work of your subordinates with the highest degree of professional care.**

As a professional government financial manager, we are given a degree of trust that a job or assignment will be done properly, whether done by ourselves or our subordinates. It is imperative that we earn that trust to continue as a recognized profession by how we perform our work.

**Duties of your position:** The duties of a government financial manager are usually spelled-out in a formal position description. However, duties and responsibilities can and often do go beyond the written position description. "That's not my job", is not an acceptable statement from a professional government financial manager. This does not imply that we should perform all tasks and functions in our organizations, but that we should be open to new areas where we can apply our knowledge and skills as government financial managers to the benefit of our employers.

*Example: An auditor devised a spreadsheet to automatically determine compliance with a government's freedom of information law by calculating the number of days from the request to issuance of the information less weekends, holidays, etc. At the exit conference the auditee complimented the auditor on their thorough work and asked the auditor for a modified version of their spreadsheet to help them proactively manage their information requests. The auditor weighed the impact of assisting management with professional independence issues and decided to perform the needed modifications for the auditee since ensuring better service to the public and reducing the risk for future findings were more important than absolute independence regarding future audits in this area.*

**Supervise subordinates:** Many times we cannot perform all the work necessary, so we have others perform work that we oversee or supervise. The key to effective supervision is imparting the necessity of professional care to others so that the duties at hand will be adequately performed. To accomplish this, the supervisor becomes an educator as well as an overseer of others.

*Example: An accounting manager is reviewing reconciliations performed by staff accountants. They noticed that one reconciliation was done to within a few hundred dollars of the trail balance amount and the words difference immaterial written on the reconciliation statement. The supervisor instructs their subordinate on the importance of accurate reconciliations and how a few hundred dollars could result in thousands of dollars in misstatements.*

**Highest degree of professional care:** Professional care is using reasonable skill and judgment to perform a task. This may entail going beyond one's current knowledge and skills to acquire additional information when needed to fully support or enhance one's work product. Professional care does not imply ultimate perfection or extraordinary performance.

Also, striving to the highest degree of professional care requires that one maintain a healthy degree of professional skepticism regarding one's own work. Through constant self-evaluation one can strive to attain the highest level of professional care.

*Example: An auditor is fairly sure that they have enough supporting evidence to finalize and publish a finding. Management has disagreed with the finding citing a regulation unknown to the auditor. Although the auditor firmly believes that their finding is sound, they will investigate management's rebuttal to determine the impact of the regulation on the finding.*

## **6. Continually seek to increase your professional knowledge and skills to improve your service to employers, associates, and fellow members.**

The CGFM program, as well as most other professional financial certifications and organizations, requires a MINIMUM of 80 hours of Continuing Professional Education (CPE) every two years to maintain certification. CGFMs are required to obtain this training in government financial management or related topics. This is the "legal" requirement for CGFM certification.

The lack of support by an employer to pay for training is not an acceptable excuse for not maintaining the minimum education requirement.

**Professional knowledge and skills:** We must consider the level of knowledge and skills needed to provide our services to our employers, associates, and fellow members. Many times knowledge and skill needs outpace that of the required certification minimum -- 80 hours every two years. Therefore, we should not just pursue CPE for CPE sake, but to improve our service to employers, associates, and fellow members.

We must constantly refine our skills to keep up with rapidly changing world around us if we expect to continue to serve the public. Financial managers that do not keep current with professional issues, specific disciplines, and general skill improvement are performing a disservice to their employers, themselves, and the public in general.

*Example: A budget manager is faced with significantly new budget processes for the upcoming year. Their agency will be shifting from a base budget approach to full-blown activity based budgeting with performance measures and incorporated strategic planning. They are unfamiliar with these topics and methods so the manager schedules training to acquaint themselves with the new process. In addition to the earned CPE for this training, they confer with colleagues who have switched to this type of budget environment as well as performing research in publications and books on the topic. The budget manager obtains necessary education to address the upcoming changes in addition to receiving CPE to maintain a professional certification.*

**Service to employers, associates, and fellow members:** The purpose to furthering our knowledge and skills is to enhance our service to employers, associates, and fellow members (our customers). We have a responsibility to serve these customers to the best of our abilities. If we neglect those abilities, we have broken our trust with our customers.

Additionally, in furthering our knowledge and skills to serve our customers, we must be careful to chose educational topics that will assist our employers and not just ourselves. In this light we should schedule a well rounded training agenda that goes beyond the traditional accounting

topics and explores topics related to the agency mission, communications, and other non-traditional skills needed in our work.

*Example: An auditor is given a training budget for the year. Their audit plan calls for a local area network (LAN) security audit and an audit of agency motor vehicle usage. Knowing these assignments the auditor schedules training on LAN security before the audit commences. Additionally, they plan to take a course in the agency's personal computer database product that will be useful in analyzing data regarding vehicle usage. By planning training to enhance the upcoming audits the auditor is increasing their value to their employer and auditee.*

**7. Render opinions, observations or conclusions for official purposes only after appropriate consideration of the pertinent facts and after assuring yourself that you have the appropriate expertise and are free from real or perceived conflicts of interest.**

Opinions, reports, statements (numerical and qualitative), and other communication media are means that government financial managers use to express their professional evaluations of data in their area of expertise. The credibility of these outputs can be assured by ethical choices made by the financial managers responsible for their preparation.

**Consideration of pertinent facts:** There are many inputs to consider before rendering an opinion, observation or conclusion on a particular matter. It is important that applicable facts not be overlooked or discounted because of a personal prejudice, lack of understanding, or intentional oversight of information or its source. All facts pertinent to the task at hand must be considered before a professional decision on the matter is rendered.

Also, the financial manager should be wary of basing opinions and judgments only on the knowledge they currently possess. Many times research into a particular matter is necessary before expressing one's professional thoughts on any matter.

*Example: The Director of Administration for an agency is evaluating a lease versus buy decision regarding a piece of equipment. Although they would like to own the equipment and reduce lease payment processing work for the finance unit, it makes more economical sense to lease the particular piece of equipment, given the relatively short expected useful life and the discounted lease payments. The Director makes the decision to lease the equipment that is more beneficial to the agency as a whole, although it will negatively impact the Finance Unit under his/her responsibility.*

**Appropriate expertise:** We live and work in an environment of an ever-expanding knowledge base. Although government financial managers possess skills and knowledge in numerous disciplines, no one is an expert in everything. Therefore, we must assess our knowledge, skills, and abilities to determine if our levels of expertise are sufficient to render a decision on a particular matter. Failure to recognize and request needed assistance can lead to faulty decision making and loss of respect by the public and those who rely on our work. Therefore, it is important that we recognize our limitations.

*Example: An Audit Director that is adept at working with computers is scheduled to audit a new financial accounting system that functions outside of the familiar mainframe accounting program that was audited in the past. The auditor is short on staff and does not have the time to become acquainted with the new technology. Realizing that an outside auditor familiar with the new system software could do the audit in half the time, for less costs, and be more likely to discover*

*control weaknesses, the Audit Director elected to contract out the audit to a public accounting firm familiar with the software that the new accounting system was based on.*

**Conflicts of interest:** It is important that all real or perceived conflicts of interest be addressed as soon as they are identified and avoided whenever possible. The appearance of a conflict of interest destroys the credibility of any work done by a government financial manager. All potential conflicts of interest should be brought before an individual's supervisor and openly discussed to determine appropriate action (unrestricted assignment, restricted duties, reassignment, etc.).

An individual should evaluate each assignment received to ensure they are free from any conflicts of interest, real or apparent. Governments and employers usually have detailed requirements regarding conflicts of interest that apply to all employees and specific provisions applying to particular positions such as auditors, procurement officials, and financial personnel in general. Also, employers may require the completion of formal statutory or regulatory conflict of interest statements.

A member or CGFM who conceals or knowingly does not disclose any potential conflicts of interest could be subject to disciplinary action by the AGA. Additionally, failure to comply with or deliberate falsification of a government's or employer's conflict of interest requirements could be considered grounds for disciplinary action by the AGA.

*Example: A financial manager was asked to join a request for proposal (RFP) evaluation panel. They accepted knowing they could objectively evaluate proposals for the service being sought by the agency. When the response date passed the financial manager learned that one proposal came from a firm they worked for three years ago. The manager notified the evaluation team leader and the agency procurement officer of their dilemma. The matter was discussed and the manager excused themselves from the evaluation team to avoid a potential conflict of interest. They were concerned that if their prior employer was awarded the contract, the others would protest stating the manager/evaluator favored their former employer. If another firm won the contract, their former employer may say that the manager was biased against them since they terminated their employment. To avoid the procurement being stalled in a potential protest struggle the financial manager resigned from the evaluation team.*

## **8. Exercise diligence, objectivity and honesty in your professional activities and be aware of your responsibility to disclose improprieties that come to your attention to appropriate parties.**

Diligence, objectivity and honesty are the key traits that others look for in government financial managers. They may be considered the core of what we are about and what is necessary to deliver our products with confidence to our customers. Without these three keys government financial management would not exist as a profession.

**Diligence:** Diligence can be defined as striving to achieve an end through various obstacles. The government financial manager should pursue their work with diligence. However, reason and judgment should be a part of the picture to ensure that diligence does not turn into obsession. Obsession can taint work efforts as being cost ineffective and wasteful.

*Example: A team is assembled to develop a revenue management program to replace a conglomeration of disconnected systems. They had to overcome "turf wars" between units wanting their system to be the one used for the agency wide system. Disagreements among team members over which technology to use. Loss of key team members to other projects and outside employment. However, by being focused on the goal of a single program to meet the*

*needs of all operating units the team was able to complete their task and deliver a useful product.*

**Objectivity:** Government financial managers should always maintain an independent attitude and appearance regarding their work. Their mind should be free from bias and prejudices of thought based on past experiences. All conclusions and reports should be founded in factual information.

This does not mean that bits of information, clues, tips, or other evidence should be completely ignored. The financial manager must weigh and judge all applicable data to determine if it applies to the work at hand.

*Example: A newly appointed agency head is given the task of directing a newly created agency to begin a state lottery. The individual personally opposed a state lottery, but accepted the challenge to bring about the wishes of the electorate despite his own opinions. They proceeded to assemble an agency and gather facts and data from other states' experiences with lotteries. All of this information was evaluated and used to design a successful well-controlled lottery despite the bias and prejudice of the agency head against the state lottery concept.*

**Honesty:** Above all other qualities, honesty should be the most treasured by government financial managers. Honesty is the core source of credibility and without credibility government financial managers lose their ability to contribute to the well-being of their organization's mission and purpose.

*Example: An auditor has completed an audit and issued a report in which management has concurred with the findings and began corrective action. In closing out the workpapers, the auditor noticed a reference to a policy that was previously overlooked. Application of the policy would have negated a component of one finding. However, the main point behind the finding was still valid. The auditor immediately notified the agency head, auditee, and all affected personnel of the mistake and issued a revised audit report.*

**Disclosure responsibility:** When there is suspicion that improprieties have occurred, appropriate authorities within the organization should be informed. In some circumstances it may be appropriate to directly notify an outside organization such as a law enforcement entity. However, most government organizations have internal mechanisms (Inspector General, Internal Audit, Investigators, Police, etc.) to handle improprieties or illegal activities. Care should be taken not to undertake an investigation that one is not adequately trained to handle.

*Example: An accounts payable clerk was routinely reviewing travel vouchers when they noticed a senior manager (that their supervisor reported to) went to a conference in another state and rented a car. This was not unusual except that the conference was held at a hotel near the airport and 1,000 miles were put on the rental car. The clerk reasoned correctly that a rental car was not justified for this trip. The clerk approached their supervisor who was reluctant to confront their supervisor, who filed the excessive travel voucher. Therefore, the employee brought the matter before the agency's internal audit and investigation unit for additional action.*

## **9. Be aware of and strive to apply work-related requirements and standards prescribed by authorized government agencies and employers.**

There are many agencies and organizations prescribing requirements and standards for government financial managers. The US General Accounting Office, executive directives by governors, mayors, and commissioners, legislative mandates, the Government Accounting Standards Board, federal and state agencies, and the AGA are just a few of the many

organizations regulating or influencing the work of government financial managers. In some instances there may be unclear, vague or conflicting requirements. The government financial manager should be familiar with all factors affecting their work and obtain authoritative interpretations whenever the appearance of conflicting requirements or standards occurs.

*Example: An accountant is preparing to archive and destroy old records for a state agency. The state requires that these types of records be maintained for three years or until audited – whichever is longer. Also, these records relate to a particular federal grant that has a five-year record retention policy. Initially, the accountant assumed that the federal requirement would apply. Additional research revealed that the federal granting agency would accept state record retention requirements as long as they were consistently followed. As a result of thorough research, the accountant was able to benefit their employer reducing record storage requirements in a lawful manner without risk to the state agency.*

## **Responsibilities to Others**

### **10. In carrying out your duties, consider the public interest to be paramount.**

As a professional government financial manager, the public trusts us to carry out our work with the best interest of the public in mind. The public trust is often fragile and can be destroyed by scandal, allegations of fraud, or mismanagement of public funds. We must perform our duties to the best of our ability with the public interest as our highest consideration.

**Duties:** In carrying out your duties as a government or public financial manager, you should make sound decisions that will put the public interest first. You should also discharge your duties to protect the safety and security of the general public.

*Example: When considering the purchase of equipment with suspected or known safety problems, you must consider these problems along with other factors such as price and availability. You should always disclose these problems and ensure that they are fully considered during the purchase decision process.*

You must also secure confidential business information and other information that is private.

*Example: During the course of your work you may review financial data for organizations and individuals that is proprietary in nature. You must ensure that this data is not disclosed to unauthorized individuals or organizations. In many instances you may have access to individuals' Social Security Numbers; you must not disclose this information without proper authorization*

You must not use information you discover during the course of your official duties for personal gain.

*Example: If you know that a large, potentially profitable contract will be awarded to a private company that is publicly traded, you should not use this information to purchase stock in the company for your personal gain. You should also not disclose this information to family members, friends or other individuals.*

You must also discharge your duties in accordance with all applicable laws.

*Example: If you know that you are violating a public law in discharging your official duties as a public financial manager, you should notify your supervisor and request guidance for your actions*

**Public Interest:** The general public is our ultimate customer. They provide the resources to support public services. The financial management services we provide ultimately serve and benefit the public. We should always be guided in our decision making process by the question, "What choice will ensure the public benefit is best served?"

You must not engage in acts, or be associated with activities, that are contrary to the public interest. You must also not engage in acts or be associated with activities that discredit the Association of Government Accountants or the government financial management profession.

*Example: You should not belong to any organization that advocates the overthrow of government. You should not make a public display of encouraging dishonesty in dealings with government offices or officials. You should always be honest in your public filings and statements with respect to your official duties.*

## **11. Avoid any activity that creates or gives the appearance of a conflict of interest with your employer related responsibilities.**

As an AGA member or CGFM, you have an obligation to follow both your employer's and the Association's Codes of Personal Conduct and Ethics. You must meet your employer's and the CGFM requirements for Ethics training. Generally, employers' Codes of Ethics and Personal Behavior deal with conflicts of interest and require that employees seek guidance from senior organization ethics officials as circumstances warrant. You should always be aware of situations that may cause an actual or apparent conflict of interest in your professional duties.

You should always identify opinions that are personal from those that are the official positions of your employer.

You should not engage in private employment, hold yourself out as an independent practitioner, or accept other remuneration or benefits, except as authorized by your employer.

*Examples of potential conflicts of interest: An AGA member, or a relative, performs work for a person or organization who has dealings with the member's employer or an agent of the employer without the knowledge and approval of the employer.*

*An AGA member suggests that persons or entities dealing with the member's employer or agent of the employer invest in an organization the AGA member (or relative) has a financial interest in. You should follow your employer's rules dealing with financial holdings in public companies.*

*An AGA member or CGFM (or relative) serves on the Board of a public or private body that is affected by the member's employer. You should always seek approval of all outside activities from your current employer.*

*An AGA member or CGFM refers someone dealing with the member's employer to an individual or entity that provides the member (CGFM) or any family member with any form of referral compensation.*

*An AGA member or CGFM receives gifts over the employer specified limit for gifts for a speaking engagement.*

## **APPENDIX D:**

### **RETENTION OF RECORDS**

#### Definition of a Record

Information recorded on any medium that is required for conducting business.

#### Working Definition of a Record

Documents of any medium (paper, electronic, audiovisual, etc.) that an organization must retain as evidence of its organization, functions, policies, decisions, operations and internal or external transactions.

#### Typical Board Records and Retention Periods

##### Type of Record

##### Retention Period

Reports or other Board products (one copy)

Permanent record

Records of expenses and other financial records

7 years or audit cycle

Correspondence with the Association

5 years

Correspondence with other groups and individuals

3 years

Items sent to Board members

3 years

Draft materials and comments on drafts

6 mo.-3 years

Such records will be retained in locked storage facilities by the Executive Director of AGA or his/her designee.