



2019 TLG Innovation Showcase Applicant

Improving Financial Management in Tennessee Cities and Towns

University of Tennessee Municipal Technical Advisory Service, Tennessee

#Reality Focused, Results Driven

Population: N/A

Innovation

Criteria:

- Initiative fundamentally changed a process, product or service (fundamental)

OR

- Initiative builds upon existing knowledge to improve a product, process or service (incremental)
- The initiative substantially stretched the boundaries of ordinary governmental operations.

Describe Your Innovation

(When and how did this innovation get started? Do also detail how the program or policy innovative, how it has changed previous processes, products, or services, and how it has substantially stretched or improved the boundaries of ordinary governmental operations.)

In 2006, MTAS finance consultants noted that there were certifications required for many positions within municipal government but finance officers were not required to maintain a certification related to government finance. Also at the time, there was a change in the United States GAO-generally accepted Government Auditing Standards independence rules. The rule change prohibited auditors from performing duties considered to be the work of the management being audited. The audit client also must possess sufficient skills, knowledge and experience to oversee non-audit services. Non-audit services are basic tasks that the client should be completing such as bank account reconciliations, adjusting and closing journal entries, and general bookkeeping. The new requirements exposed a gap between the knowledge and abilities of municipal finance officers and the required level of expertise needed to meet GAO standards. Municipal staff simply were not equipped to handle their new responsibilities. In response to the evident skill gap, MTAS staff presented the Certified Municipal Finance Officer (CMFO) program to the Tennessee Division of Municipal Audit and the State Comptroller of the Treasury. The program proposal gained strong support and MTAS and the Division of Municipal Audit office jointly drafted legislation to require the certification program statewide. The program has far exceeded expectations. The CMFOs are better equipped to communicate with state oversight agencies, auditors, financial advisors and other financial institutions. CMFOs have been given knowledge that covers many areas of municipal operations which will help improve operations as this information is shared with the governing body and department heads. It is quite common for cities to have more than one CMFO and the largest cities have several ranging from 10 to 40. The program has gained a reputation for being the go-to training program for municipal financial officials in Tennessee.

Collaboration

Criteria:

- Initiative demonstrated engaging stakeholders both internal and external.
- Initiative demonstrated high performance teaming, breaking down internal silos.
- Strategic partnerships and or community networks were developed as a result of the initiative

In less than 200 words, what individuals or groups are considered the primary initiators of your program? How does the innovation engage stakeholders or demonstrate high performance teaming? What strategic partnerships and/or community networks, if any, were developed?

The primary initiators were the MTAS finance consultants Dick Phebus and Ralph Cross, former MTAS assistant director Mike Tallent, and the Director of Division of Municipal Audit Dennis Dycus (retired). Many new networks were created with every group of students that went through the program. The certification program last for one year and is structured so that participants meet once a month to participate in an in-person training class to learn the material. This style affords municipal finance officers the opportunity to develop professional relationships with others in their field. Many of these CMFOs still communicate with each other sharing experiences, knowledge and advice. Many of them have also joined the Tennessee Government Finance Officers Association where they made even more connections with local government accounting and finance officers throughout the state. In addition to the structured training program, CMFOs must obtain 24 hours of continuing professional education annually to help keep skills and knowledge up to date. This ensures lifelong learning and helps to foster additional relationships in the government finance field.

If a private consultant was used please describe in detail their involvement, identify the consultant and/or firm and provide contact information. Maintain a 100 word maximum.

N/A

Significance

Criteria:

- Initiative addresses an area of concern for the majority of local government organizations.
- Initiative can serve as a model and replicated in other jurisdictions.

Please describe the extent to which you believe your program or policy initiative is potentially replicable within other jurisdictions and why? To your knowledge, have any other jurisdictions or organizations established programs or implemented policies modeled specifically on this project? Please also provide verification of the replication.

The CMFO program is replicable in other jurisdictions. The program is based on best practices, state law and generally accepted government accounting standards which can be applied to any jurisdictions by inserting their own state laws into the program. Once initiated, the CMFO program utilized the expertise of highly professional subject matter experts to create the initial subject matter content, training material, and testing implements. The subject matter content aligns with national and Tennessee standards for public financial management policies and best practices. The CMFO training program also utilized proven training techniques to ensure participants receive

quality information that both highlights the theoretical foundations of public financial management and demonstrates the direct application of those principles to Tennessee municipalities. This program and the process used to establish it can be easily replicated in other jurisdictions as evident by a newly emerging program Certified County Finance Officer (CCFO). The UT County Technical Assistance Service (CTAS) is a sister agency to MTAS within the UT Institute for Public Service (IPS). The CCFO program has utilized the same process and development techniques as the CMFO program in an effort to improve financial management practices in counties across the state. The county certification program was initiated in 2018 and we expect to see a great impact in the future.

Effectiveness

Criteria:

- Initiative addresses a community or organization need.
- Initiative has achieved tangible results.
- Initiative improved the organizational culture or the traditional approach to problem solving.
- Initiative has received recognition for its achievements, i.e. independent evaluation, national recognition, local press, etc.

Please describe the most significant obstacle(s) encountered thus far by your program. How have they been dealt with? Which ones remain?

The biggest challenges in the life of the program have been keeping up with new standards being issued by the Governmental Accounting Standards Board (GASB) and state regulators, the authority of the CMFO to implement policies and procedures, and the always changing economic climate.

How have the challenges been dealt with? The course curriculum is reviewed and updated on a regular basis to incorporate the changing standards and regulations. CMFO graduates are required to complete 24 hours of continuing education every year to maintain the CMFO certification which ensures that the staff member is current and has all of the best practices and tool at their disposal. MTAS consultants work closely with all of the graduates when and if they encounter challenges or obstacles in the workplace to offer strategies for success in implementing best financial practices.

What outcomes did this program or policy have? Could you share one or two objective measures that demonstrate these outcomes? Ultimately, how did you measure the change based on the intervention, and why do you believe in the credibility of this assessment?

Research has shown that the CMFO program has had a significant impact on improving municipal financial management practices (Folz and Shults, 2018). The logic of the CMFO program is that graduates will promote and apply the financial policies, practices, and procedures that advance the values of compliance, efficiency, accuracy, transparency, and accountability in financial affairs. To measure program performance, Folz and Shults (2018) examined the number of annual audit findings and the severity of annual audit findings. The research suggests that the CMFO program had a statistically significant impact on both the number of audit findings and the severity of the audit findings. Simply put, participants are better equipped to perform their job duties after completing the program.

The impact of the program is felt beyond just the numbers. The level of communication regarding financial matters has improved significantly in Tennessee municipal governments. There has been a noticeable improvement of

individual confidence in city recorders before CMFO and after. These staff are much more likely to speak up when they see something being done incorrectly. Some CMFOs were empowered by the knowledge and confidence gained in the program and have been promoted to City Managers or Administrators. And finally, a survey of CMFO participants themselves indicated overwhelmingly that they would recommend the training program to fellow employees and that the training program has improved their capacity to fulfill their job duties.

Has the program received any press or other media coverage to date? If yes, please list the sources and briefly describe relevant coverage.

"The Value Added by Professional Certification of Municipal Finance Officers." State and Local Government Review, Volume: 50 issue: 2, page(s): 85-97. MTAS E-News, Tennessee Town and City (Tennessee Municipal League), IPS Connect

Presentation

Criteria:

- Presentation will be delivered by a team.
- Presentation will be highly interactive and engaging.

Example Social Media Post

Who is handling money in your city? Learn how Tennessee cities answered this question! #weservetennesseans #tlg2019

Please write an abstract or short description for your innovation that would make conference attendees say "Well, I need to attend this session!"

Many practitioners value professional training and certification programs as important ways to improve management practice and organizational performance. However, these programs often are among the first cutback targets in times of fiscal stress. Training programs tend to lack political support and evidence that documents the actual impacts of specialized training and certification on public organizational performance is sparse. However, what if that was not the case. The UT Municipal Technical Advisory Service (MTAS) in partnership with the Tennessee Office of the Comptroller and the Tennessee State Legislature developed a professional certification program that was built on political support, professional expertise and objectively observed value. This program brought together various actors within different state agencies pooling support and expertise to create something amazing. Now the Certified Municipal Finance Officer (CMFO) program is championed as a model program for improving municipal financial management practices. Come learn about the geneses of the CMFO program and how it has overcome barriers to be considered a truly effective training program that works to improve municipal financial management practices.

How will you make the session creative and unique?- How do you plan to be both entertaining and educational?- Include a description of how your session will facilitate group activities and/or interaction.- What will attendees be able to have as an actionable "takeaway" from the session?

We will be presenting information on a program that is in-place, working and has made a measurable difference in cities across the state of Tennessee. At this time we do not have the specifics of the program put together in order to be able to provide specifics on the entertaining vs educational, or group activities. MTAS always includes interactive and small/large group activities in our training sessions. This session will also follow those guidelines.

Anything else you would like to add?

N/A