



## WHAT CITY HALL NEEDS FROM ITS NEW FINANCE DIRECTOR

Finance Directors have been retiring in droves from City Halls throughout our country. This is an excellent time for ambitious young people who want a career in financial management to step up and compete for the Finance Director jobs left behind by retirees.

To be honest, many of the Finance Directors who retired in the 21<sup>st</sup> century started out as the office secretary or clerk at City Hall and they worked their way up through the top finance job at their City. Some of these never even had a formal education in finance or accounting, especially at smaller City organizations, yet they received “on the job training” to learn what is required of the municipal finance officer in local government.

Thanks to [GFOA](#), [CSMFO](#), and other good municipal professional development organizations, these provided valuable training to municipal finance officers who lacked the formal education in municipal finance.

Thanks also to the City’s internal auditors who provided an army of CPAs to fill in the gaps in professional expertise to help small-City Finance Directors to close the books and prepare the financial statements each year.

Thus, you young finance and accounting college grads may find that it’s easier than you may realize to land or move up to the Finance Director post, as well as make as make much-needed improvements to the Finance Department at City Hall.

I’m not putting down retiring Finance Directors, especially those that never achieved a bachelor’s degree, or a CPA license obtained through the [AICPA](#). I’m just stating the fact that the educational and professional standards 20 or 30 years ago are not at the high level where they are today.

Today, a college degree and even a CPA are most desirable to City Managers and elected officials who entrust tens of millions of dollars in the hands of their Finance Director. There are many examples of what can go wrong with a local government’s money when there is an incompetent Finance Director watching the books and financial systems at City Hall.

Yet the retired finance folks, even those without the college degree or CPA license possessed the most important qualities that are required of the municipal finance officer (Finance Director): Honesty and integrity.

Yes, you must be trustworthy.

You must be an educated professional, but you **MUST** have integrity to be entrusted with the millions of public dollars that are used to provide vital City services that improve the quality of life for the residents of the community. The Finance Director carries a huge responsibility and fiscal stewardship.

But you don't accomplish this alone. This is a mission that you commit and champion along with the City Manager, Department Directors, and the many other municipal employees at City Hall.

And of course I need to highlight the attractive remuneration benefit to those who aspire to the top finance post at City Hall.

Most if not all Finance Directors today make "six figure" salaries with excellent benefits and a nice government pension at City Hall. So you are paid "good money" to take care of the money for the communities you serve!

So go for it!

In this 3-part CitySpeak series on "What City Hall Expects From It's Finance Director" to be covered during the next two weeks, I will be presenting first-hand experience to help finance and accounting professionals, especially those of you wanting to transition from the private sector to local government as follows:

- Part I - Character traits and skills the municipal finance officer (Director) must have.
- Part II - 10 most important goals to achieve as the "new" Finance Director.
- Part III - Keep the 80/20 Rule (Pareto Principle) in mind to keep your job at City Hall.

Let's now discuss Part I of this 3-part CitySpeak episode. I hope it benefits young people who are interested in a career as a municipal finance officer, which also goes by the job title of Finance Director.

By the way, I will use these two job titles interchangeably.

Ok, here we go.

## **CHARACTER TRAITS AND SKILLS THE MUNICIPAL FINANCE OFFICER (DIRECTOR) MUST HAVE**

There are many skills and character traits you must possess to succeed as a City Finance Director.

Skills in accounting, finance, economics, management, and technology can all be acquired through training and education. However, character traits, like leadership, are qualities you're usually born with, in my opinion. There's much written in the literature about whether leadership is an inborn quality or one that can be learned, but I'll let you research this topic to make up your own mind ([click here](#)).

During my 30-year career as a City Finance Director, I learned the dos and don'ts of the job. I made plenty of mistakes, especially during my first year in this appointed position. The 10 qualities that I have found to make for an effective municipal finance officer are as follows:

1. **Vision and foresight to know what's around the corner.** The City Manager or Administrator has the job of interpreting the City Council or other Governing Body's vision. Finance Directors need to know what they want as elected representatives of their community.
  - a. You as the Finance Director need to remain in tune with your City's vision and constantly be on the lookout for "what's coming around the corner" so you can alert your Manager and Governing Body accordingly.
  - b. You need to keep the City Manager and Council abreast of proposed legislation at the state and federal levels, and factor these into the current year and future year's budget

- projections to eliminate negative fiscal impacts, as well as program future revenues so the “what do we do with this money” is discussed in advance.
- c. The Finance Director plans, organizes, leads, and controls the financial “storytelling”, keeping track of trends and factors in predictable and unpredictable events to the best of their ability. No other Director or municipal employee at City Hall is in the unique position of the Finance Director to know the “pulse” of the finances of their local government.
2. **Big picture thinking.** As City Finance Director, you must always step back and look at the big picture. This is especially important when you’re working with the Manager and Governing Body to create solutions to politically-sensitive issues.
- a. Always go back to the organizational chart and look at who’s the boss.
  - b. It’s the citizens who vote in the Governing Body. It’s the Governing Body who hires the City Manager or other CEO (in a Council-Manager form of government). The City Manager or other CEO is your primary boss and the boss of every municipal employee at your City or municipality.
  - c. Think within this big picture as you recommend fiscal strategies and solutions. Your goal as Finance Director is to accomplish the greater good for the greater number as established through best practices and your organization’s fiscal policies.
3. **Results-focused mindset.** Never get fat and lazy when there is little accountability or transparency in your organization. Especially if there is a “revolving door” for City Managers or CEO’s in your organization. You will need to focus on accountability and transparency.
- a. Always uphold the highest standards for governmental accounting, auditing, and financial reporting.
  - b. Efficiency and effectiveness of programs and services needs to be quantified to provide performance standards in the budget.
  - c. I remember being interviewed in April 1995 for the Finance Director job at City of San Jacinto, a small City in Southern California. Barbara Steckel, Finance Director from City of Riverside was on the interview panel. She asked me, “John what is an important accounting pronouncement that you believe is important and relevant to City government”?
  - d. I answered and described “**Service Efforts and Accomplishments**” (SEA) because I believed then, as I believe today, we Finance Directors must strive to advance and incorporate performance measurement and results into every aspect of financial accounting, budgeting, and reporting to the stakeholders of the municipality.
  - e. Yes, you Finance Directors need to focus on accomplishments, not just efforts.
  - f. Service Efforts and Accomplishments (SEA) accounting was something we were promoting in municipal accounting back in the 1990’s through the [GASB](#) (Government Accounting Standards Board), but it would be some 20 years before GASB would finally adopt SEA accounting standards in July 2010.
  - g. Yet SEA has actually morphed into other accounting standards, like [GASB 34](#) and others, with the goal of more “comprehensive” financial reporting, and measuring results, not just efforts as we allocate and appropriate resources within our City and municipal government organizations as municipal finance officers.



continue to develop your experience, education, and technical knowledge in accounting finance.

- e. This is why pursuing a CPA license is so important.
  - f. Those who want to keep their CPA license active must achieve a minimum of 40 hours of “continuing professional education” (CPE), which is of value to the organizations served by the Finance Director with the CPA license. Of course today there are other accounting designations.
  - g. There other certifications for municipal finance officers to pursue, these are NOT licensed to “engage in the practice of public accountancy”, like the CPA license.
  - h. We have the [CPFO](#) (Certified Public Finance Officer) designation offered by the GFOA.
  - i. We also have the [CMA](#) (Certified Management Accountant) designation offered by the [IMA](#) (Institute of Management Accountants).
  - j. And we also have the [CGFM](#) (Certified Governmental Financial Manager) designation offered by the [AGA](#) (Association of Government Accountants).
  - k. These three professional certifications are excellent professional credentials available to City Finance Directors and other municipal finance officers.
  - l. But again, these certifications are NOT a license to “engage in the practice of public accountancy” where the public trust and reliance on their attestation for auditing and other financial reporting.
  - m. Maintaining the public trust and credibility with the community is the top priority to Finance Directors, which is an important reason why many pursue the CPA licensing requirements.
  - n. The CPA license is often times pursued by Finance Directors “in addition to” the other professional credentials offered by GFOA, IMA, and the AGA.
  - o. The Code of Ethics is vital to the CPFO, the CMA, the CGFM, and the CPA. This is a professional standard that empowers the municipal finance officer and Finance Director to stand up to the “powers that be” when his/her ethics are put into question. Look for a future CitySpeak topic on “Code of Ethics” in an upcoming episode.
  - p. Go and get your CPA license!
  - q. I must share that I went back to get my CPA license when I was 39 years old, after working as a City Finance Director for almost 10 years! It was a huge undertaking and I passed all 4 parts of the CPA exam in one sitting when it was still done on paper, and with an 86 average on the CPA exam. [Click here](#) to see what the letter looks like when you receive the results of the CPA exam.
  - r. If I can pass the CPA exam, you can too!
  - s. In a future CitySpeak, I’ll tell you all about passing the CPA while working full-time and raising a family. It can be done!
  - t. Go and get your CPA license, or some other credential, like CPFO, CMA, etc.!
8. **Change management.** Change is a reality. Even at City Hall and other municipal organizations. And although government has a reputation for moving slowly, the residents, businesses, and other stakeholders are no longer happy with whatever level of customer service you provide as the Finance Director or any Department of the municipal organization.
- a. You can learn change management skills and approaches that will help you help the City Manager or other Manager to bring about new initiatives in local government.

- b. This can be something as simple as changing the pay cycle for municipal employees from “once a month” to “every other week”. Or it can be as complex as implementing a “new ERP financial software” across the organization.
  - c. ERP implementation war stories will be another episode of CitySpeak in the coming months, so keep an eye out for this.
  - d. Yes, change management is a valuable quality and skill you must embrace to succeed as a municipal finance officer.
9. **Leadership.** I already told you that I believe you’re either a leader or you’re not. You don’t go to school to become a leader any more than you can “choose” to become “the chosen one”. 😊
- a. Sorry for the humor, but I’m a Steve Oedekerk movie fan.
  - b. So if you’re already a leader by nature, you can learn valuable leadership and management techniques by attending training programs offered by many good institutions.
  - c. You can implement ideas to help your organization move forward important initiatives to fruition.
10. **LASTLY, Continuous improvement work ethic.** The last, but not the least, quality that successful City Finance Directors must embrace is a work ethic of continuous improvement. The business processes and procedures of the Finance Department and the organization as a whole must be regularly and periodically revisited as part of your role as the City’s fiscal officer.
- a. Why? Because everything involves money.
  - b. And as Finance Director, you’re the main money guy that needs to look for ways to save money. Look at your total cost of providing various services.
  - c. How much money would your organization save for 1% improvement in efficiency? What could you do with this 1% savings?
  - d. This continuous work ethic can be applied to maximizing interest earnings on investments, without sacrificing safety or liquidity of course.
  - e. Maximizing cost-savings on everything from processing payroll, accounts payable (A/P), accounts receivable (A/R), and many other financial and administrative duties that are under your responsibility as municipal finance officer.

I could go on with skills and character traits of a City Finance Director, but the above covers 80% or better of what is required to succeed in the top finance post in any municipality.

## CONCLUSION

So in conclusion, I want to remind you young accounting and finance professionals to look to a career as a City Finance Director and municipal finance officer in local government.

It’s easier than you think to land or move up to the Finance Director position left behind by retirees. This is especially true in smaller City organizations.

But make no mistake about it. This money job is HUGE responsibility. Any time money is involved, you will have lots of people asking you for money, and in many cases wanting to bypass the “rules” to get that money.

So understand why the Finance Director job is such a BIG job. But hey, that's why you will be paid the "big bucks". It's not unusual for Finance Directors to make six-figure salaries even in small City government organizations.

The City pays these salaries because that's how important the position is to the "going concern" of the municipal corporation. The Finance Director is vital to achieving the long term fiscal sustainability of the organization!

One last thing, your technology experience and "can do" attitude as Millennials will allow you to accomplish the initiatives that Baby Boomer Finance Directors started.

As Isaac Newton said, "If I have seen further, it is by standing on the shoulders of giants".

So let us thank our Baby Boomers who are retired or retiring.

But it's your turn Millennials!

So put your best foot forward, keeping in mind the first of the 3-part series for Finance Director.

Go land your first Finance Director job Millennials!

Prepare your resume for Finance Director. I'm attaching my personal resume as Finance Director for your perusal. [Click here](#) to view my resume.

Our local governments and our communities need you!

This is John Herrera from MuniTemps, thanking you for joining me for today's CitySpeak blog, podcast, and video.

During the next two weeks I will bring Parts II and III of "What City Hall Needs from It's Finance Director".

Please come back and see me! And don't forget to subscribe to CitySpeak! 😊

See you next time! Bye!