



## WHAT CITY HALL NEEDS FROM ITS NEW FINANCE DIRECTOR – Part II

Thank you for coming back for Part II of the **3-part series** on the topic of “What City Hall needs from its new Finance Director”.

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This CitySpeak episode is all about the top 10 goals a Finance Director needs to achieve in his or her new position, but please bear with me as I go through a relevant introduction on the importance of role of the Finance Director at City Hall.

My hope is that you will find this of value.

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Today I’m speaking to young finance and accounting college grads to encourage you to consider a career as a municipal finance officer or Finance Director.

I’m also speaking to those of you who are already municipal finance officers who need a quick refresher when starting a job as Finance Director at a new City.

Lastly I’m speaking to private sector finance and accounting professionals. It is very possible for you to transition to local government as municipal finance officer.

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I now want to say a few things about **the JOB TITLE** used for the top Finance position at City Hall responsible for managing the financial management of the organization.

The job title of the top Finance position is different in California than in Tennessee or any other state in the union.

At CitySpeak, I use the job title of “**Finance Director**” interchangeably with “**municipal finance officer**” because the Finance activities of the organization may not always be organized at the level of “Department head”.

Also, in smaller organizations and in different states, the highest fiscal responsibility is carried out under different job titles, like Finance Manager, Finance Officer, Accounting Manager, or other job title.

Even the Accountant can function as the **de facto** *municipal finance officer* in smaller organizations as they may be asked to assume the financial management and administration duties typically performed by a Finance Director in a larger municipality.

Yes, the *municipal finance officer* of a local government is the person “in charge” of and responsible for ALL the fiscal activities of the organization, regardless of the job title or where the position fits in the organizational chart.

You as the municipal finance officer would be the individual to whom all stakeholders rely on to watch over the finances of the organization. If something goes haywire in finance, they will likely come to you first!

The authority and influence of the municipal finance officer is limited only by his or her ambitions and leadership ability in the organization.

For years, we bean counters have advanced the notion that the municipal finance officer or Finance Director should *really* function as the CFO (Chief Financial Officer) of the organization.

You may be the municipal finance officer with the job title of Finance Director responsible for the Finance **Department** reporting to the City Manager. Or you may have the job title of Finance Manager of the Finance **Division** under the Administrative Services Department reporting to the Administrative Services Director.

In either case, you should think of yourself as the CFO at City Hall to better serve your organization, *unless the City Manager or Administrative Services Director clearly has the expertise and desire to perform the role of CFO.*

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During my career in local government, I always thought of myself as the CFO of the organization because my City Manager expected me to perform my Finance Director job at the highest level of responsibility.

In my opinion, if I was going to be “in charge” of and responsible for ALL the fiscal activities of the organization, I was going to have to lead at the CFO level, not just at the Finance Director or Finance Manager level.

The CFO is a finance officer with a broader perspective on the financial risks, threats, and opportunities within the municipal organization.

This awareness and involvement would include risk management, contracts, information technology, and all the activities and goings on in the organization that can impact the fiscal capacity and financial position of the organization *regardless of whether these activities are in your job description.*

Why would a municipal finance officer CARE about risk management, contracts, and information technology if these are not duties in their job description?

Because ANYTHING that can affect the financial position, fiscal capacity, or economic opportunities at City Hall or other municipality should be of concern to the municipal finance officer.

Thinking of your job as if you are the CFO of your organization does not necessarily take more hours on the job, but it *does require more mental horsepower*.

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What role you as a new City Finance Director want to play in your organization is totally up to you, but I encourage you to think like a CFO, even if that's not your specific job title.

In the end, you will be held accountable for financial issues that occur just as if you were the CFO regardless of your job title.

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Make it your business to know everything of a financial nature at City Hall!

Earn the reputation of CFO to have a seat at all meetings that impact the finances of your municipality!

Of course, playing the role of CFO in your organization will take finesse, to *not step on too many toes*, but if you can **step up to the CFO** level of financial management in your organization, your community will be better served by it.

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I apologize for the long intro, but I think it's important to put the importance of the position in your mind, especially if you're new to the CFO concept in local government.

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Ok, here we go with Part II of our 3-Part series.

## **10 MOST IMPORTANT GOALS TO ACHIEVE AS A "NEW" FINANCE DIRECTOR AT CITY HALL**

Here are the top 10 most important goals you should focus on as you come on board as the City's new Finance Director:

- 1. Read municipal code, "powers of the office", and sources of your authority.**
  - a. Read the municipal code, ordinances, resolutions, policies, and procedures to understand your legal authority in your organization.
  - b. Find out if all ordinances have been codified to make sure you have the latest changes at your organization.
  - c. Review financial policies & procedures and put them in a ring binder on your desk for easy reference.

- d. Meet with existing Finance Director to get their insights on the organization.
  - e. Document the City's "legal level of budgetary control" so you know when budget adjustments need to go back to City Council for approval.
  - f. Study the culture of the organization, the grape vine, Finance Department relationship with other Departments and stakeholders.
  - g. Establish your City's capacity to embrace change.
- 2. Tie out last year's audit report to the Trial Balance in Accounting System.**
- a. You need to make sure you have "good" starting numbers.
  - b. Obtain contact information for your City's independent auditors.
  - c. Hold a meeting with the auditors to learn insights about your City's financial accounting system and related documents.
- 3. Establish City's financial position as of last bank reconciliation.**
- a. Tie out your Trial Balance with all Subsidiary accounting as of the bank reconciliation date.
  - b. Read all supporting documentation for subsidiary accounts.
  - c. Reconcile the adopted budget to the existing budget posted to the financial accounting system.
  - d. Document all City Council agendas for supporting documentation to all budget adjustments and amendments posted to the accounting system since the beginning of the fiscal year on July 1.
  - e. Keep the City Manager informed of any variances and findings.
  - f. Read all contracts and ensure you have a copy in your file or accessible through the shared folders.
- 4. Prepare a 5-year financial forecast with has corollary value for other needs.**
- a. Create documentation folder for all assumptions used in the forecast.
  - b. Solidify the 5-year forecast as a "prospective" financial statement that can be put through the test of an AUP (Agreed Upon Procedures) of an Independent Accountant with a CPA license.
  - c. Use 5-year forecast to project financial position for current fiscal year.
  - d. Use 5-year forecast to prepare the Mid-Year Budget report to Council.
  - e. Review prior financial forecasts to see if these have been on target.
  - f. Gain insights into how financial forecasts are perceived at the City.
  - g. Does the Finance Director have credibility with the financial forecasts?
  - h. Involve other Department Directors and their budget staff to give input into your assumptions in your 5-year financial forecast.
- 5. Prepare analysis of Finance Department staffing and resources.**
- a. Inventory finance staff skill set to create cross-training plan.
  - b. Redesign finance procedures to lower the required skill set to perform various tasks as much as possible.
  - c. Prepare report to the City Manager on staffing shortages if applicable.
  - d. If there's budget available, request temporary staffing to fill the gaps in staffing needs. Think of MuniTemps! 😊

- e. Communicate clearly with finance staff and involve them in department reorganizations if applicable.
- 6. Study your ERP system and other technology to achieve greater AUTOMATION in the Finance Department.**
- a. Create a list of all services provided by your Finance Department. Estimate the time spent on each by various staff.
  - b. Create a checklist of all tasks and services and frequency if performed daily, weekly, bi-weekly, monthly, quarterly, bi-annually, and annually.
  - c. Re-engineer business processes and the financial management and reporting system used to serve your customers.
  - d. Refine ERP or other system in use to establish a system that delivers an “acceptable level of customer service” given the current staffing levels.
  - e. Change all passwords and access to the City’s bank accounts and financial system.
- 7. Prepare your first budget and finance report for Council and stakeholders.**
- a. Ask City Manager what financial reports he would like to see on a monthly, quarterly, bi-annual, and annual basis.
  - b. Prepare user-friendly financial reports that anybody can understand.
  - c. Seek to put the fiscal story into a one-page presentation if possible.
  - d. Avoid the “data dump” approach to providing financial information.
  - e. You are a financial “storyteller”.
  - f. Let the City Manager and other stakeholders know your goal is to tell the financial “story” at regular intervals so there are **FEW SURPRISES**.
- 8. Perform Finance Department customer satisfaction survey.**
- a. Use Constant Contact or other email survey system.
  - b. Find out where Finance Department is doing well and where it needs to improve.
  - c. Meet with Finance staff, Departments, and others who can provide feedback and support on your game plan to redesign your ERP system to provide an acceptable level of customer service given staffing levels.
- 9. Social media to improve efficiencies and customer service in Finance.**
- a. Obtain approval from City Manager for a Constant Contact account to stay in touch with customers.
  - b. Obtain approval from City Manager to create videos for a variety of uses (i.e., training staff and departments, explaining projects and initiatives, etc.). You can post these on YouTube or on the City’s network.
- 10. Establish your game plan with City Manager as the new Finance Director.**
- a. Have a 90-day, 180-day, 1-year, and 2-year plan.
  - b. Let City Manager know some improvements in Finance will take 2 years.
  - c. Do not over-promise and under-deliver. Be realistic with your goals and commitment to achieve them.
  - d. Provide weekly or monthly updates to your City Manager, getting his buy in when you need to reschedule or reprioritize goals.

e. Communication with the City Manager is key as he's your #1 customer!

There are so many other goals you can work on, but this list of the most important I believe will help "new" Finance Directors succeed.

Keep in mind these 10 goals need to be integrated into your "day job" as Finance Director, so you must budget time in your day to get the goals achieved.

Also, there may be other projects the City Manager will "delegate" to you. You must learn how to say "no" or "yes, if you provide me the resources" to complete them.

If you always say "yes" to all projects and you don't get the most important work done, you will not succeed in your job of Finance Director.

Following the 80/20 Rule, remember that 20% of everything you do as Finance Director creates 80% of your value to the organization.

Next week we will discuss the importance of following the 80/20 Rule (Pareto Principle) to keep your job.

This will be the final Part III of our 3-Part series of "What City Hall Needs from its Finance Director".

## **CONCLUSION**

So, in conclusion, we can see that the job of Finance Director at City Hall or other municipality is a BIG job!

Retiring Finance Directors, Finance Managers, and other municipal finance officer are leaving behind "big shoes to fill".

**SHOUT OUT:** I would like to give a shout out to my friend **Debi Savage** who is retiring in two weeks as Finance Manager from the City of Susanville, California after 18 years of service at her community. Debi is leaving behind a City Finance Department where the everything is current and up to date. The bank recs are all done, the budget is adopted and implemented in the Casselle system, the State Controllers reports are all done, and the current-year audit and Comprehensive Annual Financial Report is done! She has a hard-working team of Accounting staff who work in unison like the best of them!

Debi Savage is definitely a Finance Manager who is leaving behind big shoes to fill!

Whether you are a young accounting or finance professional looking to step up to the top finance job at a municipality or you are a seasoned Finance Director, consider the value of the 10 most important goals we just discussed.

So put your best foot forward, keeping in mind the 10 goals I just discussed and go compete for one of the many jobs in municipal finance throughout the country.

There are other goals that are important, but these are the ones that I thought are most important in light of the current fiscal challenges facing City Hall.

I wish you all well on your new assignment as municipal finance officer!

Reach out to me and let me know how your job is going.

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

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See you next time! Bye!