

# The Evolving Role of Treasurer/CFO

Presented By Tammy Carruthers & Dan Cowin  
2017 MFOA CONFERENCE – SEPT 21, 2017

- More complex environment
- More complicated demands
- Issue of succession planning and losing corporate memory
- More private sector participants in finance departments
- Changing role in both private and public sectors

**Why “Role of the Treasurer?”**

**286 (1)** A municipality shall appoint a treasurer who is responsible for handling all of the financial affairs of the municipality on behalf of and in the manner directed by the council of the municipality, including,

- (a) **collecting money** payable to the municipality and issuing receipts for those payments;
- (b) **depositing all money** received on behalf of the municipality in a financial institution designated by the municipality;
- (c) **paying all debts** of the municipality and other expenditures authorized by the municipality;
- (d) **maintaining accurate records** and accounts of the financial affairs of the municipality;
- (e) **providing the council with such information with respect to the financial affairs of the municipality as it requires or requests**;
- (f) **ensuring investments of the municipality are made in compliance with the regulations** made under section 418. 2001, c. 25, s. 286 (1).

Where do you go for job spec?

A description of the role of the modern treasurer/finance department that:

- Is based on a solid foundation of public finance principles of modern comptrollership, accountability and transparency, and
- Reflects both the strategic function as well as the day to day aspects of the job

**What We Wanted to Produce**

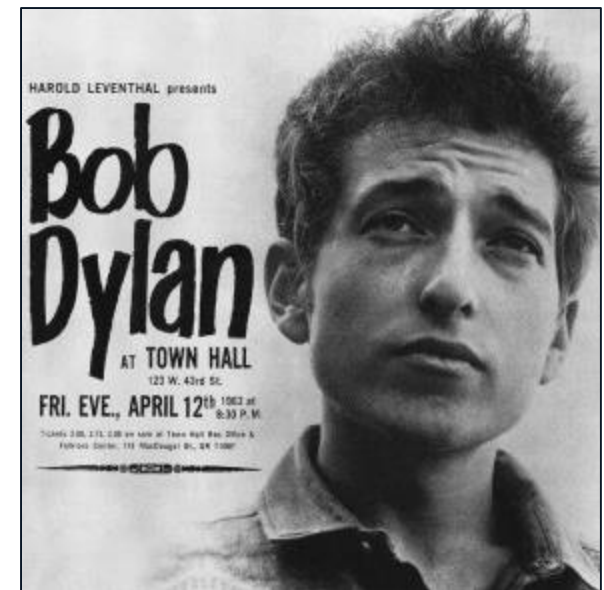
LYRICS TO LIVE BY:

№ 236

**“YOU BETTER START SWIMMIN’  
OR YOU’LL SINK LIKE A STONE FOR  
THE TIMES THEY ARE A-CHANGIN’.”**

BOB DYLAN, THE TIMES THEY ARE A-CHANGIN’

January 13, 1964

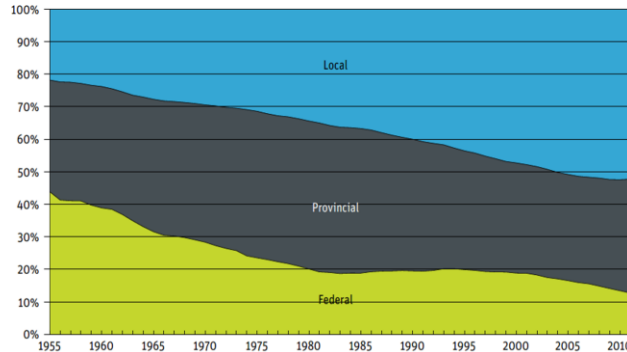




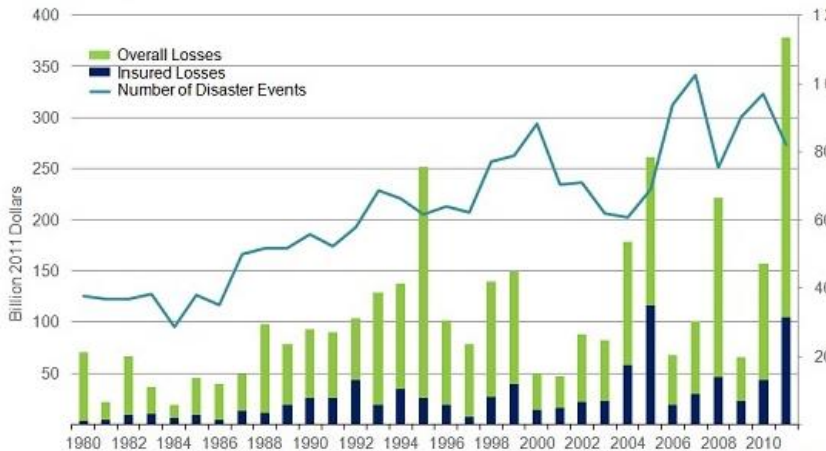
1967

Texas Instruments develops the handheld

Asset Shares By Order of Government, 1955-2011

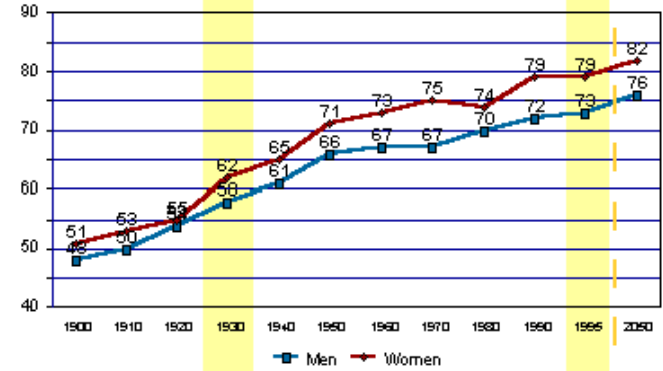


### Losses, 1980 - 2011



Source: Munich Re, NatCatS

### Life Expectancy at Birth

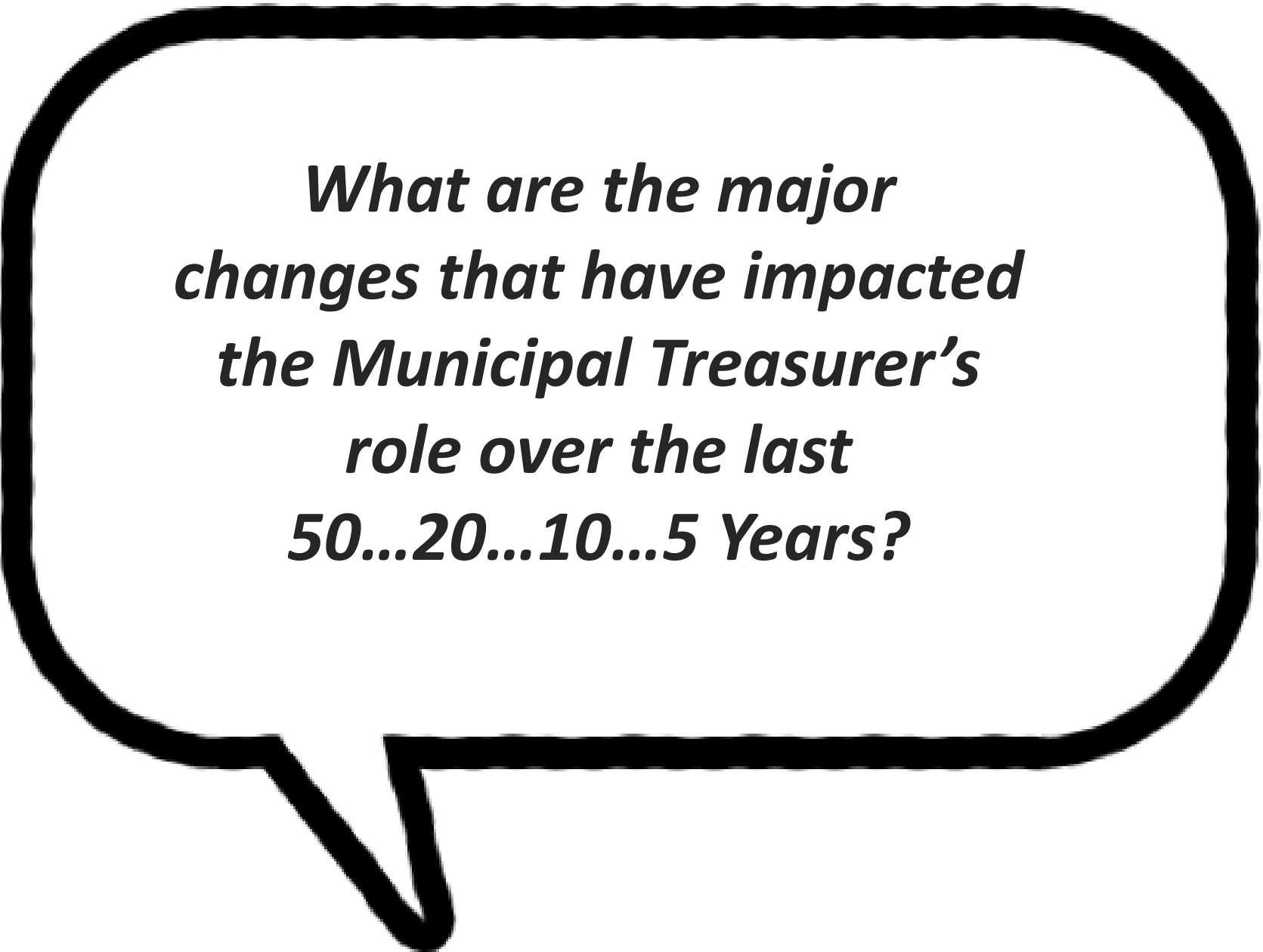


Source: 1998 Medicare Claimbook and Aging Into the 21st Century, US Administration on Aging



Before the Gardiner Expressway, the lakefront area of Toronto had a very different look in 1954. The expressway construction began in sections until 1964. (TORONTO STAR FILE PHOTO)

# Changes over the last 50 Years



***What are the major  
changes that have impacted  
the Municipal Treasurer's  
role over the last  
50...20...10...5 Years?***

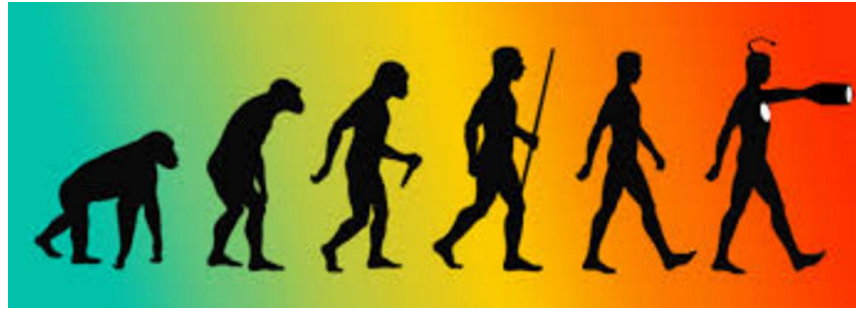




Picture from the Credit Union National Association

# Evolving Role of the Treasurer/CFO





From Counting Beans...

To Growing Beans



Counting Beans: ClipArtfest.com



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From Reporting on Results...

To Driving Results

**Evolving Role of the Treasurer/CFO**

A municipality ***shall*** appoint a treasurer who is responsible for ***handling all of the financial affairs of the municipality*** on behalf of and in the manner directed by the council of the municipality, including,



- (a) collecting money payable to the municipality and issuing receipts for those payments;
- (b) depositing all money received on behalf of the municipality in a financial institution designated by the municipality;
- (c) paying all debts of the municipality and other expenditures authorized by the municipality;
- (d) maintaining accurate records and accounts of the financial affairs of the municipality;
- (e) providing the council with such information with respect to the financial affairs of the municipality as it requires or requests;***
- (f) ensuring investments of the municipality are made in compliance with the regulations made under section 418.

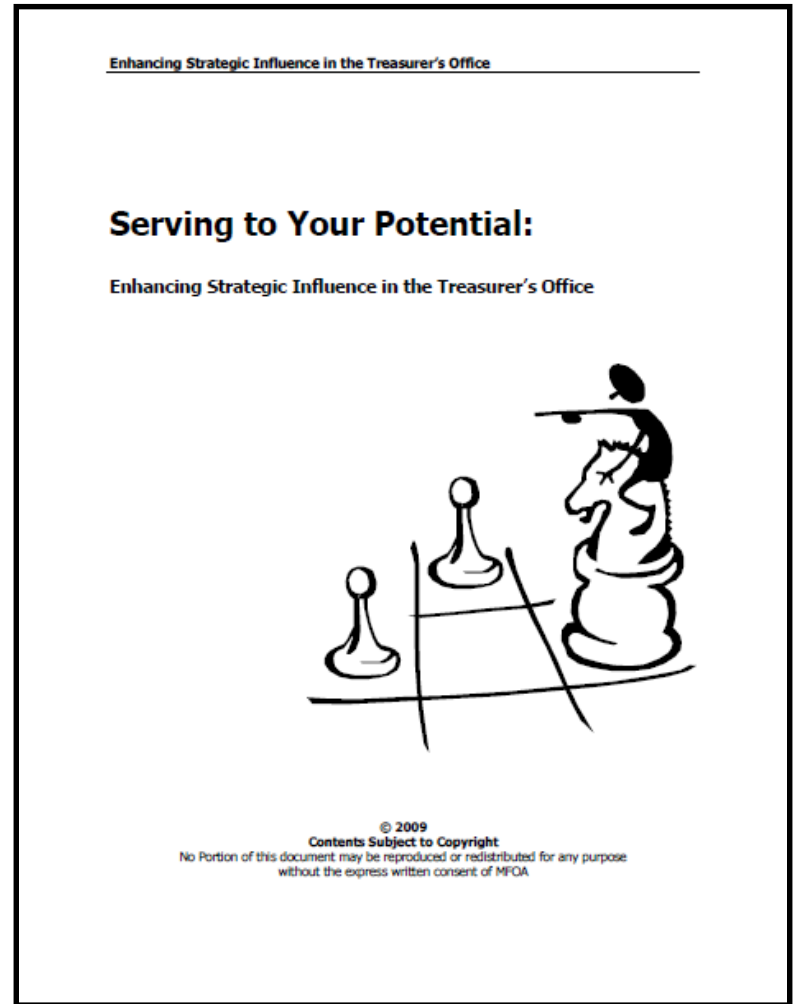
**Municipal Act – S. 286 Role of the  
Treasurer...MINIMUM STANDARD**

# The Many Hats of the Treasurer

**Treasurer as Strategist -  
Exercising your  
strategic influence to help  
the municipality meet its  
Long term goals**



- 2009 monograph
- Role of the treasurer
- Stressed strategic role

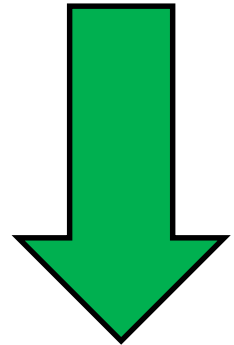


## Since 2009...

- Treasurer Wears Many Hats – Transformation from Firefighter to Policy Advisor, Strategist to Communicator
- Requires different competencies
- Limited resources available in most municipalities to support the changes
- Increasing complexity of services and environment
- Pressure to find new ways of doing business
- Strategic vision and the changing world
- Marketing the change internally and externally/Council



Firefighter



Planner



# Going beyond “finance and accounting” to “advisor” or “strategist” require different competencies.

## Historical Orientation

- ✓ Knowledge of Accounting Principles & Standards
- ✓ Develop and Set Budgets/tax rates
- ✓ Control Expenditures
- ✓ Perform Transactions
- ✓ Analyze Historical Information
- ✓ File and Present Reports
- ✓ Prepare Audit Papers & Financial Statements
- ✓ Regulatory Focus
- ✓ Basic Technology – focused on transactions

## Future Orientation

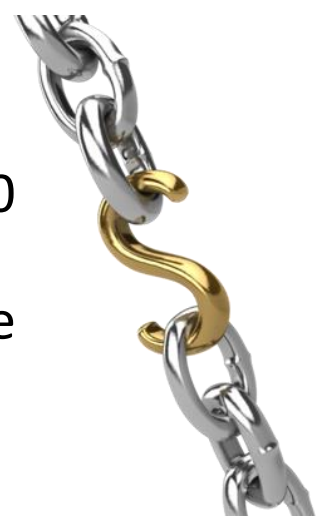
- ✓ Visionary Leader
- ✓ Strategic Thinker
- ✓ Business Partner
- ✓ Stakeholder management
- ✓ Advanced Analytics and Data Management
- ✓ Emerging Risk Approaches
- ✓ Policy Development
- ✓ Improving efficiencies in innovative ways
- ✓ Catalyst for change
- ✓ Long Term Planning – focus on sustainability, outcomes not outputs
- ✓ Integrated Performance Information – Dashboards & Balanced Scorecard
- ✓ Tech-savvy
- ✓ Modern Manager - Recruit and retain good talent
- ✓ Teacher and Trainer
- ✓ Contracts & Procurements

Skills Gap?



# Competencies & Skills Gap?

- Most municipalities are small – 97% with less than 10,000 population
- Remote municipalities have difficulty accessing affordable training
- Few Finance staff for day-to-day operations
- Technology limitations to support services
- Limited Training dollars focus on mandatory requirements
- Treasurer's time is already stretched to meet compliance and reporting
- Increased accountability and financial reporting
- Many Treasurer's moved to positions over time with limited training
- Salaries are below market for many positions – difficult to attract and retain employees
- Councils do not understand the value



## Resource Limitations

How?



- Downloaded Services & New Services
- Increased Number and complexity of Risk – Fraud, Technology, Climate Change, Privacy, Information, liabilities....
- New Accounting Standards and Provisions (eg. Tangible Capital Assets, Contaminated sites, Asset Retirement Obligations)
- Asset Management Plans and Long term financial planning– Move to “Accountineering”
- More complex financing instruments and global markets
- Alternative Service Delivery Mechanisms and complex contract provisions
- Increased accountability for grants & contributions
- Regulatory requirements and implications
- Increased volume of data and requests for information
- More scrutiny by public and other governments

# More Complex Environment

# Municipal Health and Well-Being

Financial Sustainability  
Supportive Infrastructure



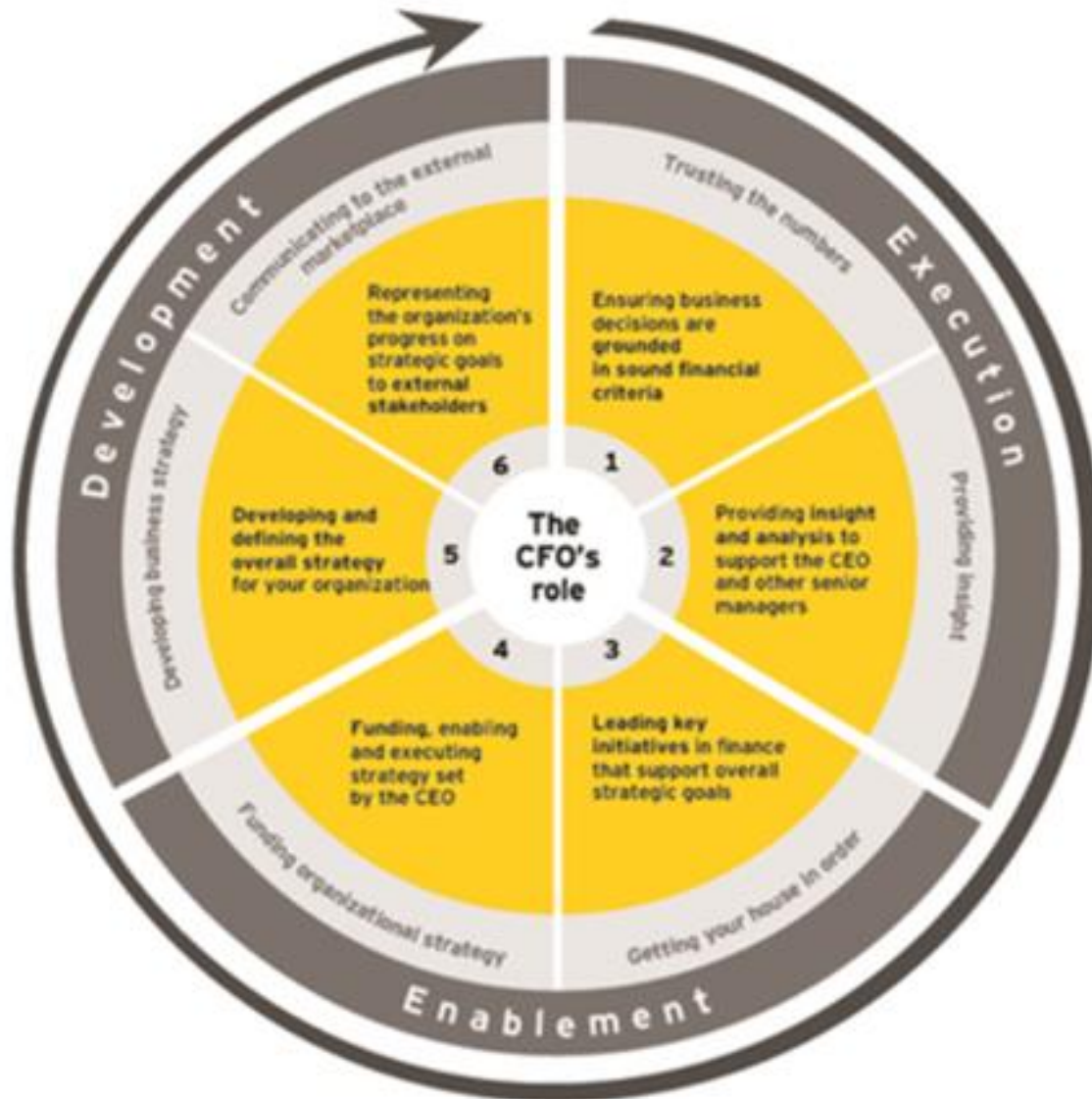
The Ultimate Goal...





**Every Sector is recognizing that CFOs role is changing...or needs to change**





# Ernst and Young's CFO

Controls → Analysis → Trusted Advisor

Operator

Steward

Strategist

Catalyst

### Controllership:

- Focused on the prudent use of resources by standardizing, consolidating and automating processes.
- ***Procedural policies.***
- Establishing financial data integrity, timeliness and accuracy

### Accountability:

- Day-to-day financial reporting
- Maximize revenue generation/cut fraud and waste
- Ensuring effective budgeting, forecasting and planning systems in place.
- Asset/Capital Management.
- ***Establish policy framework***
- Risk management and effective controls

### Direction and Decision Support:

- Focused on performance management and supporting effective investment decisions
- Ensure value-for-money
- ***Policies that strengthen performance by promoting positive behaviours.***
- Robust Cost/Benefit analysis

### Partner and Leader:

- Drive Organizational behaviour
- Instill financial mindset across organization
- Support decision-makers and identify opportunities for service delivery transformation
- Creates partnerships to drive innovation and service delivery efficiency
- ***Finance integrated with policy and operational considerations***
- Enterprise risk management
- Effective horizontal management



**Operator**

Treasurers/CFO ARE OPERATORS...  
must ensure financial operations are designed  
and delivered with in an  
efficient and effective manner...  
and meet AT MINIMUM, the Municipal Act provisions.....

1. *REVENUE AND PROPERTY TAX MANAGEMENT....(a)collecting money payable to the municipality and issuing receipts for those payments;*
2. *CASH MANAGEMENT..... (b) depositing all money received on behalf of the municipality in a financial institution designated by the municipality;*
3. *PURCHASING AND ACCOUNTS PAYABLE.....(c) paying all debts of the municipality and other expenditures authorized by the municipality;*
4. *FINANCIAL REPORTING.....(d) maintaining accurate records and accounts of the financial affairs of the municipality;*
5. *MANAGEMENT REPORTING.....(e) providing the council with such information with respect to the financial affairs of the municipality as it requires or requests.*

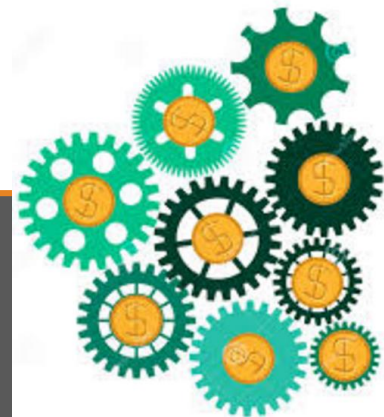
Treasurer as Operator







# Expenditure Management

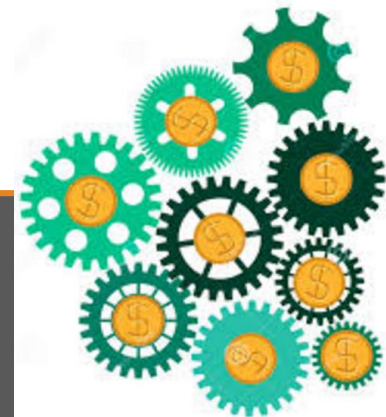






						
<h1>ACCOUNTS PAYABLE</h1>						
						

# Purchasing



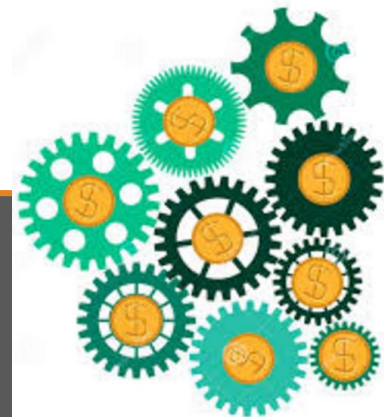


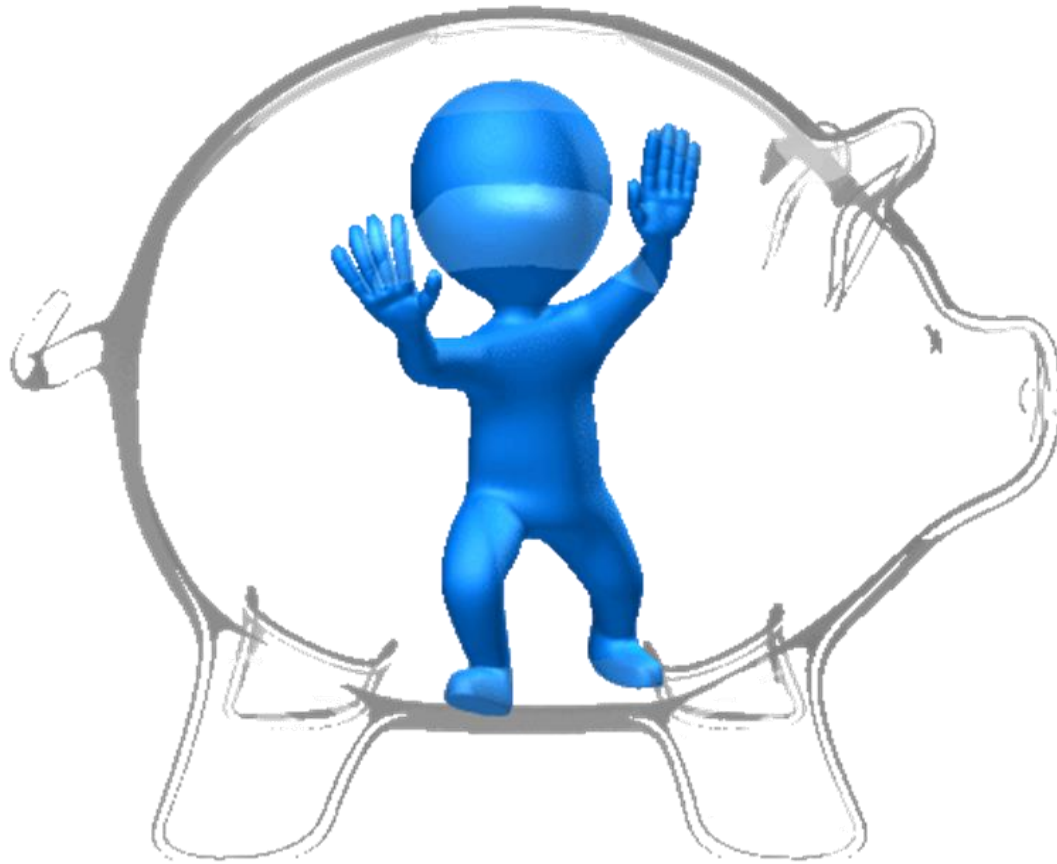
# Property Tax Policy & Administration





# Revenue Management & Forecasting

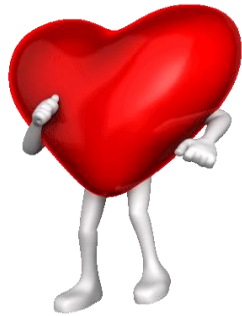




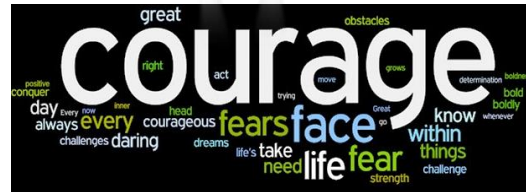
**Steward**



# Treasurers/CFOs are EXPECTED TO ACT as STEWARDS...



Respect  
Compassion  
**Character**  
Responsibility  
Honesty



## Treasurer as Steward









PUBLIC SECTOR  
ACCOUNTING BOARD



# Accounting Principles, Standards and Reporting





Audit





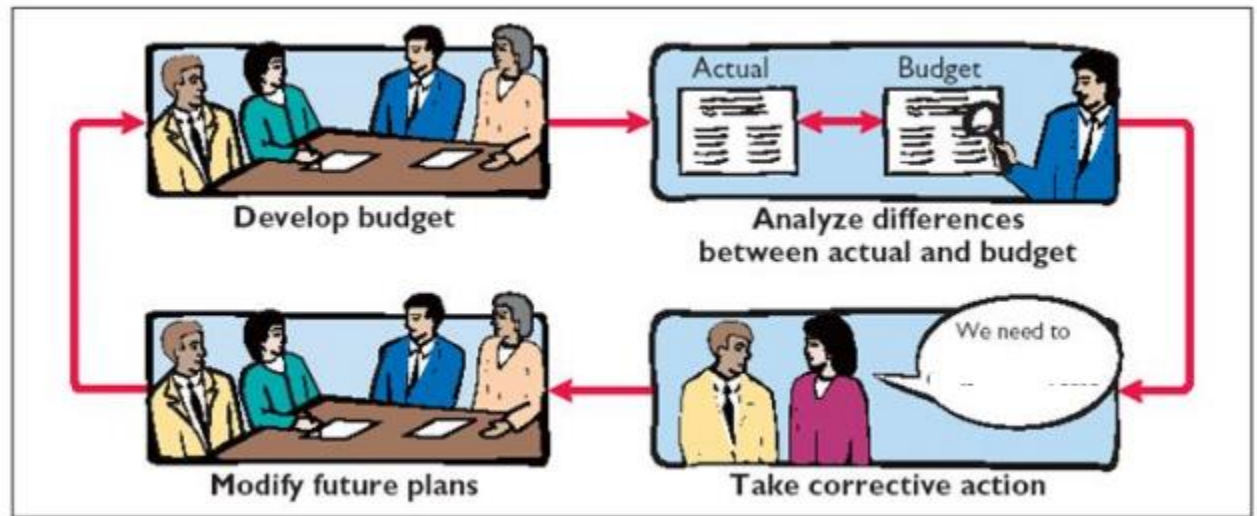
COSO



# Internal Control Framework





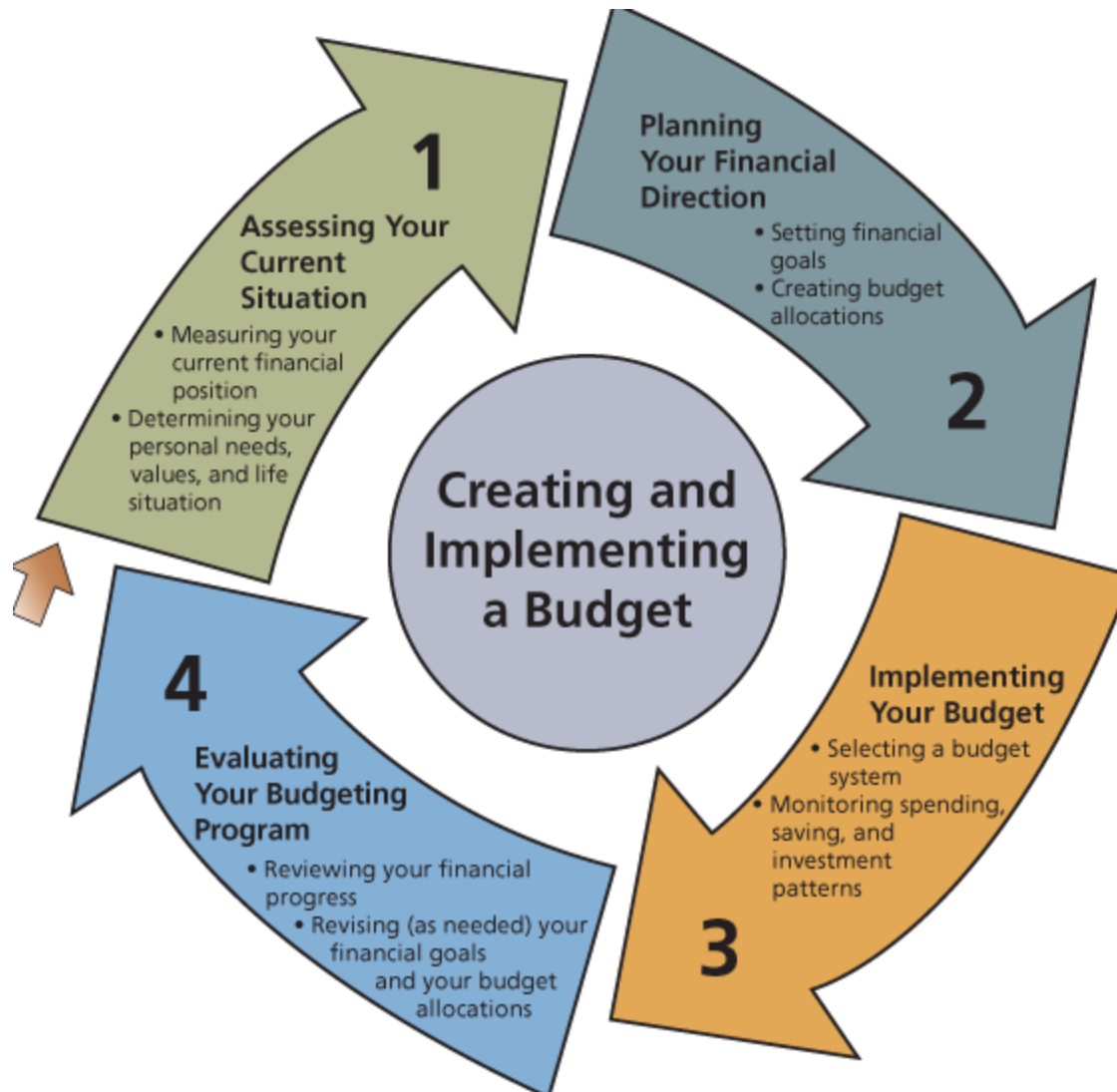


Source: Antonio Burns

# Budgets and Control







# Budget Process



# Financial Management Cycle



Financial Management Cycle





**Strategist**

# Treasurers/CFO NEED TO BECOME a Strategist



- Focuses on Vision
- Long Term Focus
- Focuses Attention On Critical Issues;
- Allows A Municipality To Formulate And Clearly Communicate Its Strategic Intentions;
- Enhances A Municipality's Organizational Responsiveness And Performance In A Rapidly Changing Environment;
- Allows Policy Makers And Decision Makers To Better Fulfill Their Roles;
- Strengthens Team Work Of Municipal Staff;
- Increases Chances Of Success;
- Influences Rather Than Waits To Be Influenced;
- Deals Positively With Change;
- Decreases Crisis Management; And
- Uses Resources More Efficiently And Effectively.

Treasurer as Strategist

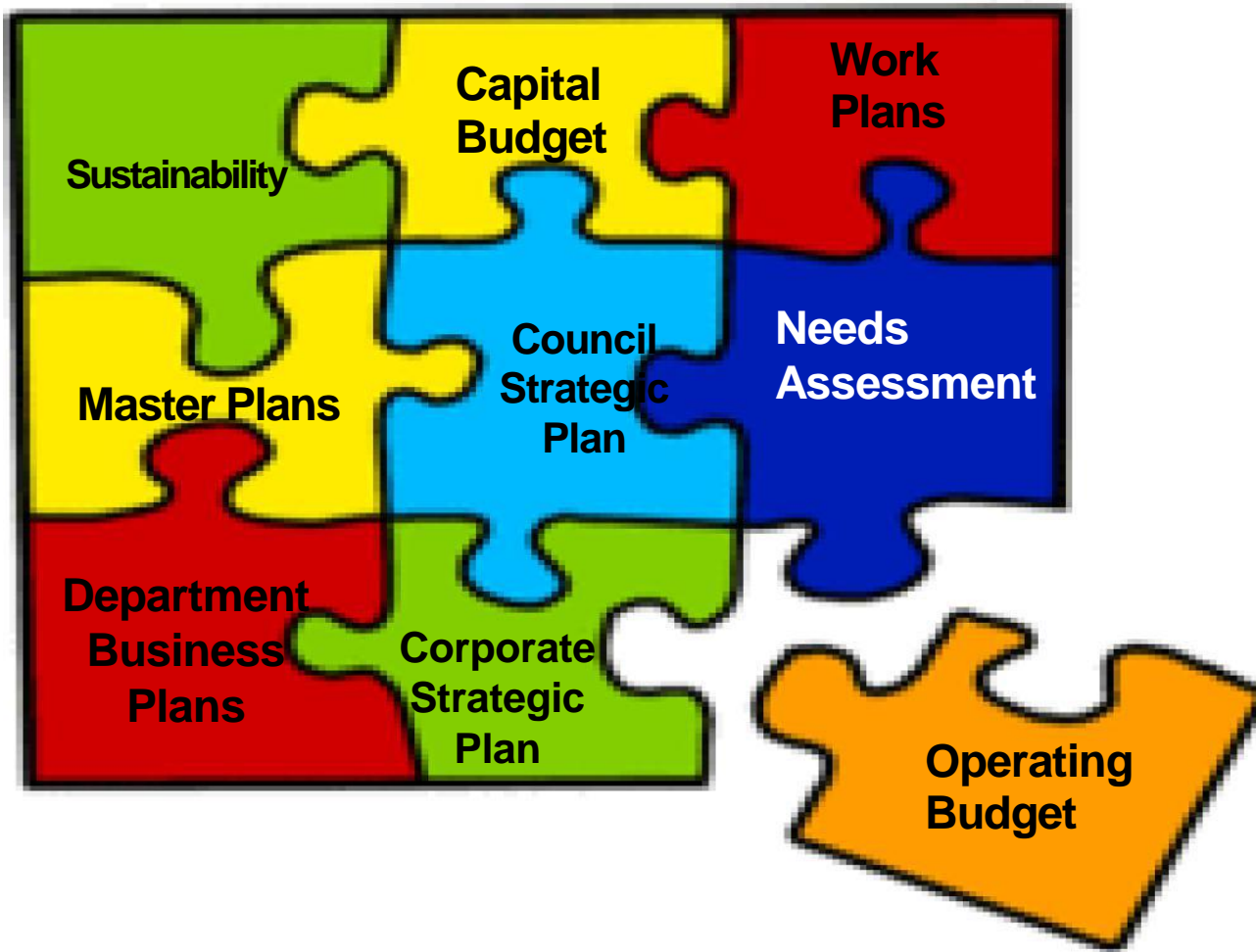
Strategy  
thinking  
approach  
vision  
tactic  
ideas



# Integrated Planning Framework

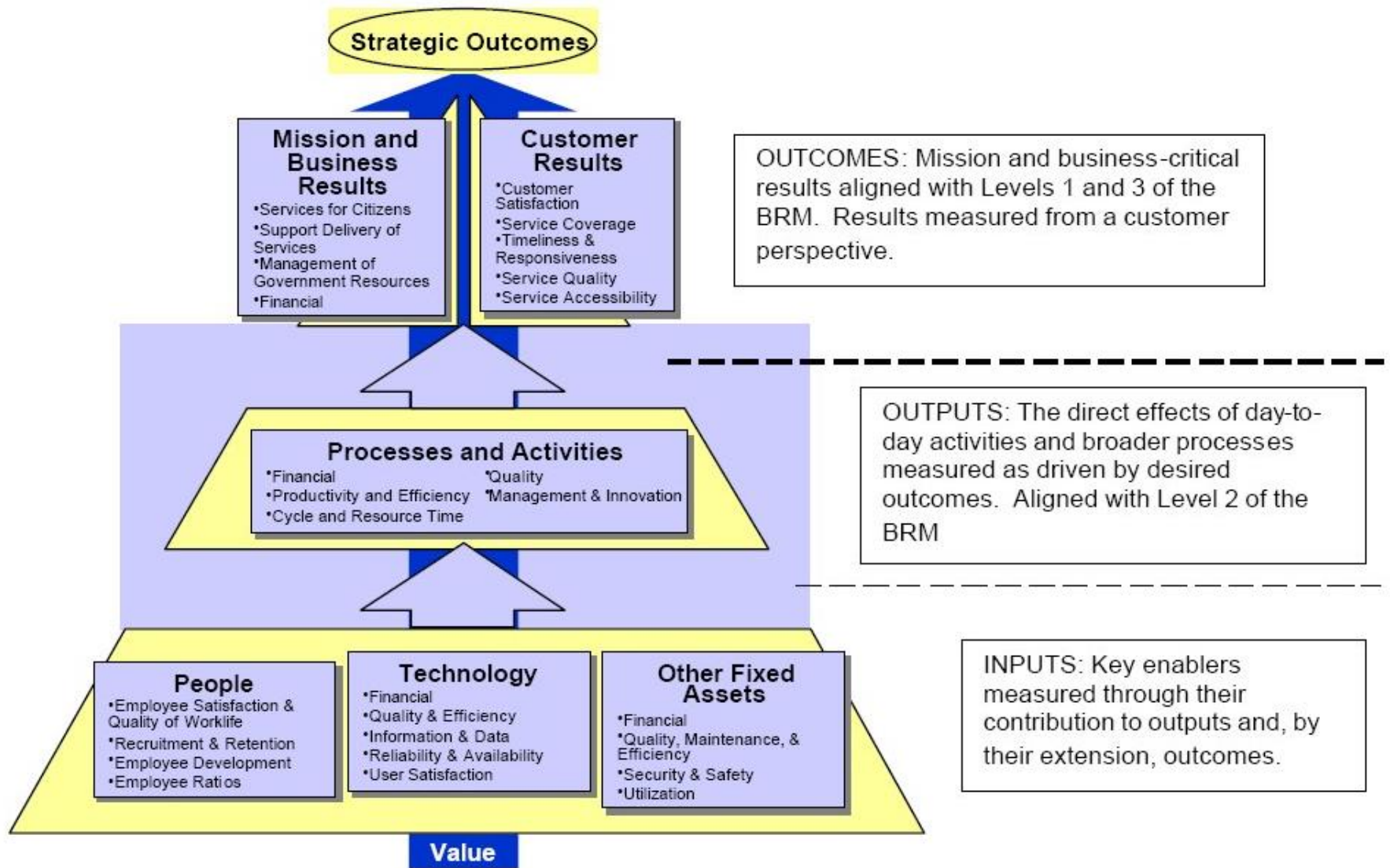
**Strategy**  
 ideas  
 tactic  
 vision  
 approach  
 thinking  
 plan





# Integrated Strategic Planning

**Strategy**  
ideas  
tactic  
vision  
approach  
thinking  
plan  
intention  
connections



Source: Federal Enterprise Architecture

# Performance Measurement Framework

Strategy ideas  
 thinking approach  
 vision tactic

# KEY PERFORMANCE INDICATORS INFOGRAPHIC

## Functional Areas

### Accounting

- % Billing accuracy
- \$ Cost of goods sold
- % Client cash net revenue
- % Invoices under query
- # Days in accounts receivable

### Compliance and Risk

- \$ Loss expectancy
- % Operational risk
- # Corporate governance index
- # Frequency of inventory audit
- # Turnaround time for audits

### Customer Service

- # Speed of answer
- # Complaints received
- # Call handling time
- % Complaints resolved
- % Call abandon rate

### Finance

- # Berry ratio
- % Capital acquisition ratio
- % Basic earning power ratio
- # Labor multiplier
- % Return on funds employed

### HSSE

- # Lost time injury frequency rate
- \$ Energy consumption cost
- # Hours of OHS training conducted
- # Operational spills
- # Lost workdays due to accidents

## Terminology

# KPI

**Definition:**  
A measurable expression for the achievement of a desired level of results in an area relevant to the entity's activity.

## SMART Objectives

*SMART Objective* =

- Objective → Increase customers base
- + KPI → % Market share
- + Target → 20%
- + Timeframe → By Financial Year End
- + Responsible → Sales Director

*Increase customers base to reach 20% market share by FY end under Sales Director leadership*

## KPI naming standards

KPIs – start with symbols

Value of  
\$ Net profit 

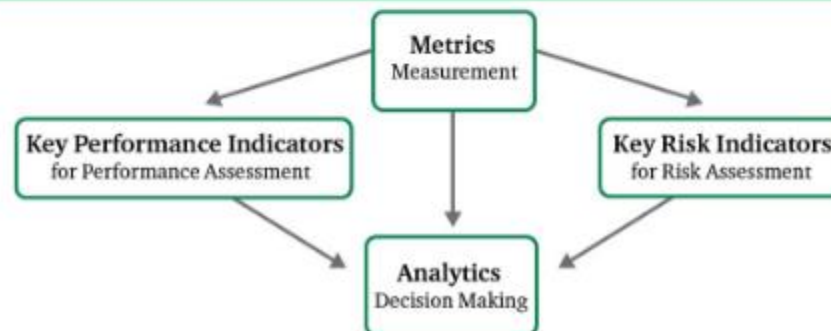
Number of  
# Defects 

Percentage of  
% Budget variance 

## Value added by KPIs

-  **Clarity**  
Paint a clear picture of strategy
-  **Focus**  
Focus on what matters / requires attention
-  **Improvement**  
Monitor progress towards the desired state

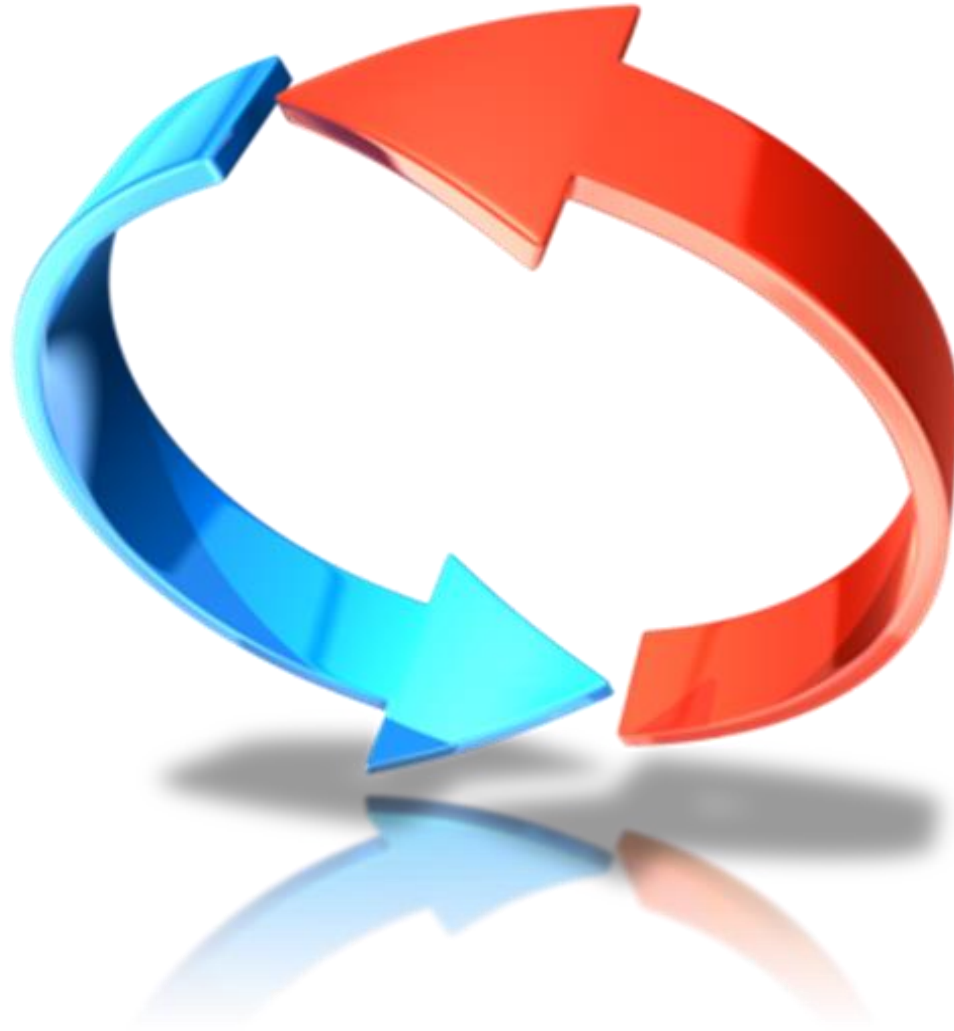
## Metrics - KPIs - KRIs - Analytics



Source: The KPI Institute

# Key Performance Indicators

Strategy  
ideas  
tactic  
vision  
approach  
thinking  
plan



**Catalyst**



# Treasurers/CFO NEED TO DRIVE CHANGE and be a CATALYST



Treasurer as Catalyst

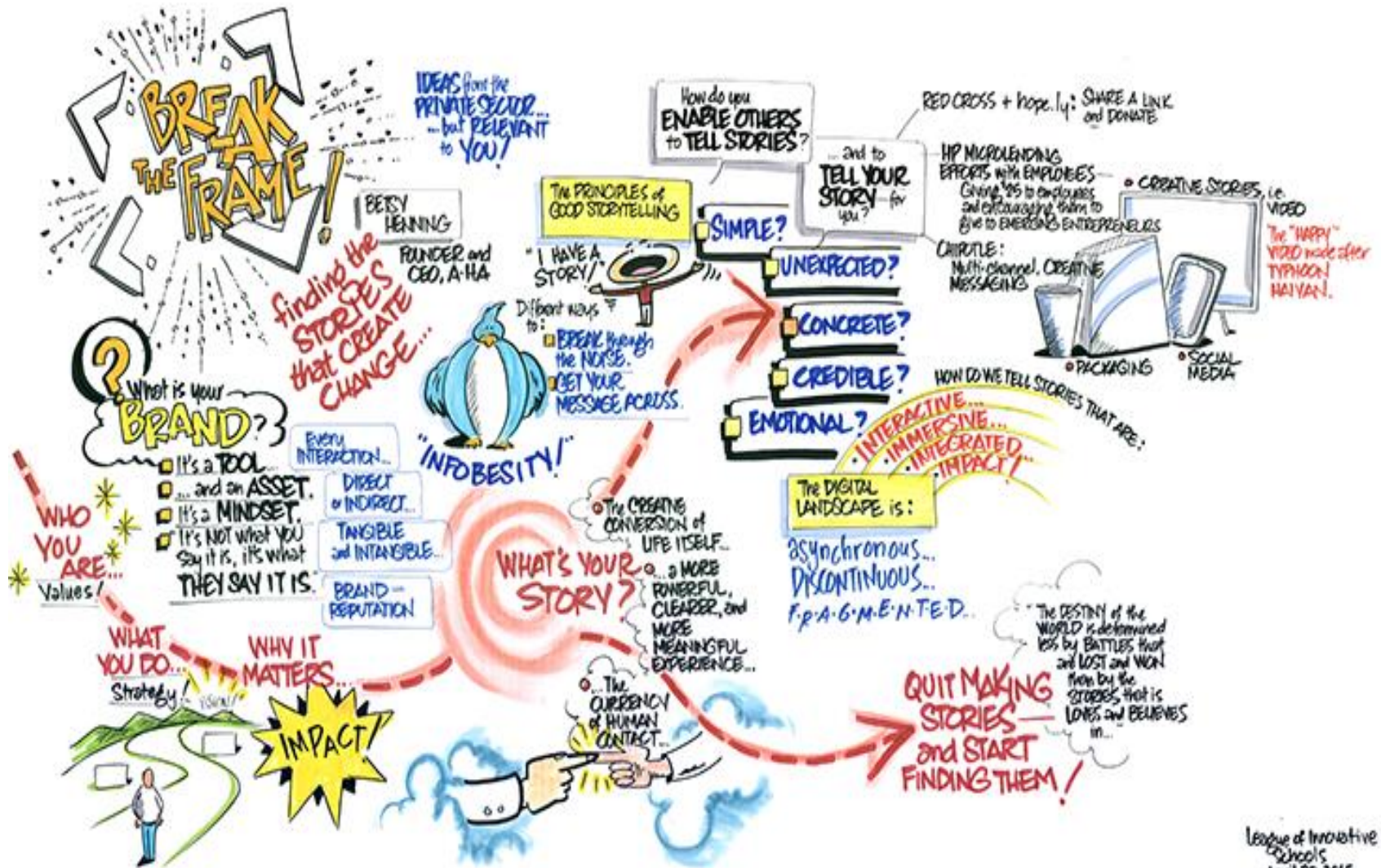






IF YOU KEEP DOING  
THE SAME OLD  
THING  
YOU CAN EXPECT  
THE SAME OLD  
RESULTS.

**Change the Conversation**



League of Innovative Schools  
April 20, 2015

Need to Tell the Story...Get Buy In

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# Questions

- Short higher level overview of role of the modern treasurer
- Richer and more detailed sections on some key aspects of the position
- Webinar training based on the document
- When: 2018

**Next Steps**