

Certified Municipal Finance Officer (CMFO) Program Fact Sheet

Overview

Currently there are nearly 400 officially certified municipal finance officers in the state. The certification program is ongoing and is currently open to any individual who would like to become certified or simply wants to attend a few classes. Many municipalities have more than one certified person and in some cases several certified staff members.

The program requirements are based on the Certified Municipal Finance Officer and Education Act of 2007 (the Act). The Act has been amended twice since 2007 and the description below includes those amendments.

There were 3 classifications and 1 subcategory for implementation of the Act. All municipal governments should have had a CMFO, qualified exempt individual, or an employee designated as the person to obtain continuing education hours by January 1, 2013. Every incorporated city must have one person designated as the person with financial oversight and have an active account in the State Comptroller's online system.

Requirements:

Every incorporated municipality must have in their employ a CMFO, qualified exempt individual, or an employee designated to comply with the professional continuing education requirements.

- **Exception:** Cities with \$500,000 or less in gross revenues from all funds AND with debt of \$500,000 or less from all funds must employ an individual who fulfills the annual 24 hour continuing education requirement.

CMFO enrollees must physically attend the first course titled "Government Environment". This is currently being scheduled for delivery every January. State statutes however, allow candidates to study on their own and test out on the remaining 10 classes. If you are interested in this option, please contact Michelle Buckner at 865-974-9851. Detailed testing rules are in a separate document posted on the MTAS website at www.mtas.tennessee.edu/Training/CMFO/CMFO%20Policies%20on%20Testing.pdf

State Approval and Reporting

The path to compliance with the state statute governing the CMFO program involves separate functions by two separate entities. The Comptroller's Office serves the certifying and enforcing functions with MTAS serving the teaching function. Cities must designate who will serve as the CMFO through the CARS system accessed through the Comptroller's Office website. This is typically attested to as part of the annual contract process but should be kept current. That individual must complete an application with the Comptroller's Office. This process is the same for all individuals whether taking the program courses, qualified exempt, or meeting the CEU requirements only.

These steps are all taken with the Comptroller's Office through their website.

https://www.comptroller.tn.gov/RA_Upload/CMFOWelcome.aspx

- a. Read and follow instructions carefully.
- b. Establish an account in the CMFOA system.
- c. Receive email notification from the Comptroller's Office noting the CMFO account has been approved.
- d. Complete the appropriate application – "program application", "exemption application", or "exception application".
- e. Receive email notification from the Comptroller's Office noting the application has been approved.
- f. Qualified exempt and CPE individuals, skip to Step i.
- g. Upon finishing the 11 program courses, complete an online application for certification and upload your official MTAS transcript.
- h. Receive email notification from the Comptroller's Office noting the application for certification has been approved.
- i. Report 24 hours of CPE, as appropriate, in the CMFOA system by December 31 of each year.

Coursework and Registration

If you wish to register for the CMFO program classes it must be done through the MTAS online registration system at www.mtas.tennessee.edu. In the middle of the page there is a link to Solution Point. Call Michelle Buckner at 865-974-9851 for assistance. Note there are 3 categories of students and three rates:

1. Municipal Government
2. Other Government
3. All Others

Another thing to be determined is if an individual intends to become certified. In that case, the individual will be added to the CMFO Program in the training system which will show the required courses at the bottom of the student transcript. As courses are completed they will move to the top of the transcript in the completed section. If a student just plans to attend a few classes, the required courses will not be listed at the bottom of the transcripts. All students must take the exam but those attending for CPE only (no certification) do not have to pass. Those attending to be officially certified must pass all 11 exams in the program.

Certified Public Accountants licensed in the State of Tennessee can earn 8 hours of CPE for each live class attended and 5 hours of CPE for each exam passed after October 19, 2012 through the test out method. Per approval by the Tennessee Board of Accountancy on October 19, 2012 by Rule 0020-05-.04(8) (subject to the 50% limitation) CPAs who successfully complete each exam will be awarded 5 hours for each 1 hour exam and must be awarded certificates of completion.

Questions & Answers:

Question: How will the CMFO program be offered in the future?

Answer: MTAS will offer the CMFO program starting in 2014 by conducting one instructor led class located in Nashville. The class will be provided at several locations via live satellite broadcast. The classes are open to anyone who is interested in the program.

Question: How does the CMFO registration process work?

Answer: Registration is done through the MTAS Solution Point training system. An account must be setup prior to registering for a class. If you have had an account in the past, please do not create a new account. Contact Michelle Buckner at 865-974-9851 for assistance. Registration opens approximately one month before each class at which time class materials will be available.

Question: What happens if I miss a class?

Answer: When a class is missed it will be up to the student to study own their own and test out to make it up (except for the Government Environment class). One advantage to presenting the classes by live broadcast is they will be recorded for future use. The first recording will be available at the end of April. The editing process should improve and recording should be available timelier going forward.

Question: Can our city contract with a local CPA to act as the CMFO?

Answer: No. The city must have "in their employ" a CMFO, otherwise qualified exempt individual, or an employee designated to attend CPE as specified in the law.

Question: Our CMFO plans to retire next year. Can we wait until then to have someone begin the program?

Answer: The city has 2 years from the time the designated CMFO position becomes vacant to get a qualified person in place. The law allows the Comptroller's Office to fine a city \$50/day for every day a city is not in compliance with the law. The CMFO program can be completed in one year.

Question: Can we hire a local CPA **firm** to provide CMFO financial oversight?

Answer: No. The law states the employee must be a CMFO or qualified exempt individual. A CPA firm does not meet this definition.

Question: Why isn't our city exempt from the CMFO requirement since we have less than 1,500 in population?

Answer: The CMFO requirements are based on revenues and debt - **not** population. There has been some confusion with the Certified Municipal Clerk requirements which are based on population. The CMFO is a separate certification program and has no connection with the Certified Municipal Clerk certification.

Question: The city has employed a Chief Finance Officer who is a CPA to provide financial oversight for the city. Are we in compliance with the CMFO requirements?

Answer: Only if the CPA holds an active CPA license and has 5 years of primarily government experience with 3 of those in Tennessee. If the CPA does not meet the requirements they are not exempt from the CMFO education requirements and the city is not in compliance with the law.

Question: *I no longer work for the city, can I continue in the CMFO program?*

Answer: The CMFO program is open to anyone however, the rate charged for individuals not employed by a Tennessee municipal government is higher. Participants have the option of self-studying and testing out on all but one course of the program. Physical attendance of the “Government Environment” class is mandatory.

Question: *The city currently has employed a CMFO or a qualified exempt individual. What are their continuing education requirements?*

Answer: CMFOs must complete 24 hours of CPE each year beginning in the calendar year after all certification requirements are met. Comptroller guidelines on CMFO continuing professional education can be found at <https://www.comptroller.tn.gov/la/CEUguidlines.asp>.

Qualified exempt individuals employed by a city serving as the chief financial officer must also comply with CMFO CPE rules and report through the above state system.

Question: *Now that I am a Certified Municipal Finance Officer, how do I obtain and report my continuing professional education credits?*

Answer: It is the responsibility of each CMFO to ensure that sponsors of potential CPE qualifying events meet the established sponsor requirements and review the agenda to determine if the content of the courses are within the acceptable topics established by the Comptroller’s Office for CMFO continuing professional education. Keep in mind that all sessions at particular conferences may not fall within the approved topics as listed on the Comptroller website and the full CPE credits awarded for attendance may not be used to meet CMFO CPE compliance. CMFOs should keep documentation of all CPE credits earned. The original documentation will need to be submitted to the Comptroller’s Office if the individual is pulled for a CPE audit. The Comptroller’s Office has an online CPE reporting system for you to use.

MTAS is an approved CPE sponsor. However, CMFOs should only take courses that relate to their specific job duties. For example, there are several supervisory training classes offered by MTAS but if the CMFO does not directly supervise employees, the class will not count as CPE. A link to the MTAS training calendar is provided below. CMFOs should use their judgment regarding which classes will qualify as CPE because a topic may be applicable to one individual but not to another and MTAS has no way to make that determination for you. Follow this link to view the current CMFO training schedule. <http://www.mtas.tennessee.edu/web2012.nsf/Web/Home>.