

MTAS POLICIES FOR CERTIFIED MUNICIPAL FINANCE OFFICER PARTICIPANTS AND MUNICIPAL OFFICIALS

The purpose of this manual is to document the requirements for Tennessee municipal governments and policies for program participants.

*Navigating the
CMFO Program*

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Introduction

The CMFO program is designed for city finance and accounting personnel who have some prior knowledge of government accounting and financial reporting. The CMFO courses are currently open to anyone who obtains approval from the Comptroller's Office.

The CMFO courses are offered in various locations across the state. The classes are opened for registration approximately one month prior to the class date at which time materials will be made available. In the event that space is limited, participants will be allowed in a class according to the priority located in the Class Registration section of this document.

History

The Municipal Finance Officer Certification and Education Act of 2007 (Act), as passed by the Tennessee General Assembly, requires most municipalities to have in its employ a chief financial officer who is either a Certified Municipal Finance Officer (CMFO) or an individual who is exempt from the educational requirements leading to the CMFO designation by December 31, 2012.

The legislation was amended in 2013 and provided an alternative for cities with \$500,000 or less in gross annual revenues AND \$500,000 or less in outstanding debt. Only cities with revenue and debt below the threshold are granted the exception from employing a certified or qualified exempt financial person. These cities are not required to have in their employ a CMFO or qualified exempt person but must send a city employee to 24 hours of qualifying continuing professional education (CPE). All incorporated cities that do not meet the exception noted above must employ a CMFO or qualified exempt person as specified in the law. The amendment also specified certain conditions which would cause a CMFO to lose the certification.

The program consists of topics as specified in the state statute and MTAS delivers the topics in eleven classes as listed below.

1. Government Environment
2. Municipal Budgeting
3. Internal Controls and Auditing
4. Governmental Accounting I
5. Governmental Accounting II
6. Financial Reporting I
7. Financial Reporting II
8. Cash Management
9. Debt Management
10. Payroll, Personnel and Pensions
11. Municipal Purchasing

Municipal Requirements

Every incorporated municipality has a responsibility to comply with the CMFO law.

Municipalities fall into two categories:

1. Required to employ a CMFO or an exempt qualified individual.
2. Required to designate a city employee to attend 24 hours of continuing professional education in accordance with state statute.

A municipality must designate a Chief Financial Officer (CFO). This is the employee with financial oversight over municipal operations, which in many cases is the city recorder. The CFO designation should be recognized by the governing body and documented in the official minutes. The mayor, city manager, city administrator or the city recorder must verify the designation of the CFO in the state Contract and Report System (CARS) as described below. A municipality has the responsibility to report any changes in the designated CFO to the Comptroller's Office.

The category of a municipality may change based on the exemption criteria. The city has 2 years from the date the audited financial statements were submitted to the Comptroller's Office to have a CMFO or qualified exempt individual employed. Likewise when a CFO (CMFO, qualified exempt individual or CPE-only position) is vacated the municipality has 2 years to replace the CFO. The state is authorized to assess a penalty for noncompliance with the CFMO Act of \$50 per day.

Role of the State of Tennessee Division of Local Government Audit

Once a city has designated an employee as chief financial officer or has approved an additional employee to enter the program, the individual must first complete the online approval process with the Tennessee Comptroller of the Treasury using the CARS system located on the Division of Local Government Audit's website. The CMFO program is open to any individual who wishes to enter the program and is approved by the state. *The process listed below is being revised and new information will be released as soon as possible.*

The following information is located on the Division of Local Government Audit website and contains step by step instructions for program participants for creating an account, applying for the CMFO program and selected a Designee.

Guide to Certified Municipal Finance Officer (CMFO) Act Compliance

Step 1 Assign a qualified employee who is the chief financial officer (CFO). The CFO is an individual who has "...oversight responsibilities regarding financial operations."

Step 2 Ensure that both the Mayor and the City Recorder (or equivalent) have signed up for a Contract and Report System (CARS) account. This can be accomplished by going to [CARS](#) and signing up for an account. (If you currently have a CARS account for signing contracts, you may sign the designee form through that account.)

Step 3 Watch for the email that notifies you that your account has been approved.

Step 4 If the municipality has had a Financial Oversight Designee (FOD) in the past you must select "Manage Designation Forms" and edit the last entry to include an expiration date.

To create a new designation form, “log in” to the CARS account and create a designation form, by selecting “Create a Financial Oversight Designee Designation/Exception Form.”

Both the Mayor and City Recorder (or equivalent) will have to sign the one new designation form. Each person will have to sign into their account to electronically sign the document. Only one (1) person can be active in the form at a time.

Once the one form has been signed by both parties the Comptroller’s Office be notified. Once the designation form has been acknowledged, an email will be sent to the municipality.

Note: steps 1 – 4 do not apply to participants who are not municipal employees or who are not designated as the primary CFO for the city.

Step 5 The individual who has been designated (FOD) must either create an account or log in to an existing account in the Certified Municipal Finance Officer Act System (CMFOA). This can be accomplished by going to [Comptroller CMFO Welcome Page](#) . If a new account is created, watch for the email that notifies you that your account has been approved.

Step 6 Depending on the qualifications of the FOD, different types of applications are available. The appropriate application must be completed by the designee in the CMFOA System and approved by the Comptroller’s office.

Step 7 If the application is for (1) an exempt individual; or (2) for a CPE-only exception; once the application has been approved, no further action is required by the municipality as long as the individual complies with the CPE requirements. *(If there are any changes with the FOD the mayor or city recorder must notify the Division of Local Government within 10 days of the change).*

Once the application is approved the individual seeking CMFO certification must enroll in the education program through MTAS ([Current Training Schedule](#)).

Step 8 The CMFO candidate must pass all the courses in the program.

Step 9 The CMFO candidate who has passed all courses must log into their account in the Comptroller’s CMFOA system and complete the request application for certification. IMPORTANT!! A copy of the MTAS transcript (transcript is required because it has all the class dates) must be uploaded into the online system by each CMFO candidate.

For all questions regarding CMFO and City compliance issues and continuing professional education requirements and reporting please refer to the Comptroller of the Treasury’s Policies and Procedures at:

https://www.comptroller.tn.gov/RA_Upload/CFMOPoliciesandProcedures.pdf

Continuing Compliance Requirements

All CMFOs and CPE-only designated employees must attend at least 24 hours of qualified continuing education hours. Qualified CPE hours is training that meets the requirements as established on the Comptroller’s Website. It is the responsibility of each individual to exercise judgment in attending various training events. Sponsors of training events must meet the criteria established in the requirements and topics must fall into one of the categories listed. The requirements limit the number of CPE hours classified as “Other” to 8 of the 24 hours. Up to 24 hours of CPE may be carried over to the following calendar year.

Role of MTAS in the CMFO Program

Class Registration Process

Persons wishing to become certified in the CMFO program must first be approved by the Division of Local Government Audit using the steps outlined above. To register for a specific CMFO class customers may use the online registration system Solution Point at <http://www.solutionpoint.tennessee.edu/MTAS> or call Michelle Buckner at 865.974.9851 or MTAS at 865.974.0411. A registrant will receive an invoice if they do not pay via credit card.

When a customer has registered for a class or a test-out (opting to take an exam without attending class), Michelle will email the appropriate study guide, powerpoint, exercises, and handouts to the participant.

All participants are expected to register in advance of the classes. All participants enrolled in the program for certification and CPE-only cities that need to meet state requirements should register early. All participants entering the program at the beginning of the program cycle will be guaranteed a seat for the remainder of the program.

Participants will be accepted in the following priority:

1. Municipal employee designated as the primary CFO for a city seeking certification.
2. Municipal employees required to obtain 24 hours of CPE.
3. Additional municipal employees seeking certification.
4. Other government employees seeking certification.
5. Other non-government participants seeking certification.
6. CMFOs repeating classes for CPE can fill the remaining seats on a first-come first-serve basis.
7. Any other individuals may enter the program after the classes have started as space permits.

Test-Out Option

Participants may opt to test-out of any course with the exception of “The Government Environment” class. The participant needs to contact Michelle Buckner to pay for and receive the course materials and arrange a time for taking the test. One CPE is awarded for a test out.

Test-outs are given only in an MTAS office location and can be proctored only by an MTAS employee. If there are two or more participants testing at the same time, an MTAS Finance and Accounting Consultant may proctor the exam or arrange for another MTAS employee to do so. If there is only one participant testing, the exam must be proctored by an MTAS employee other than an MTAS Finance and Accounting Consultant. Please contact the person listed in the Retests section in your area of the state.

CPE-only Cities and CMFOs Repeating Classes for CPE

All participants attending CMFO classes must take the exam. CPE-only cities and CMFOs repeating classes for CPE do not have to pass the exam to receive CPE credits but must take it. If exam is not taken, 0 (zero) hours will be awarded. Total CPE credit awarded for each CMFO class is 8 hours.

Other MTAS classes that are eligible for CMFO CPE will be noted as such and are generally classified as MAP classes in the MTAS training system. MTAS has no authority to classify any training events except for those MTAS staff develop or are involved with. The responsibility to attend adequate and eligible continuing education classes is the responsibility of each CMFO and CPE-only individual. The Comptroller's Office has the authority to determine whether any training attended is acceptable through their established CPE audit process. Please refer any questions about CPE that is not sponsored by MTAS to the Division of Local Government Audit. CPE rules in TCA 6-56-404 apply to both CMFOs and CPE-only individuals.

Current Course Fees

Municipal employees	\$110
Other government employees	\$135
Other individuals	\$160
Test outs and retests	\$ 85

Timing of Entry in the Program

Customers are strongly encouraged to enter the program in January when the first of the 11 courses are taught. The first course is "The Government Environment" and classroom attendance is mandatory for this course only. Alternative entry into the program can easily take place in August if space permits. Participants are strongly discouraged from starting the program between April and July unless they have a strong background in government accounting and financial reporting.

Sensitivity and Security of Participant Grades and CMFO Exams

Participant grade security is of major importance to the CMFO program. Scores are confidential. Participants can print a transcript using the Solution Point system at any time. The transcript shows hours of classes and whether completed. No scores appear on transcripts.

All electronic versions of the exams are located in a secured location within the MTAS organization. Printed copies of exams are handled with extreme care by the MTAS finance consultants and exam proctors. At the end of each course, all copies of exams are returned to the instructor who then disposes of the exams by shredding them after all exams have been graded.

In certain circumstances a city mayor or city manager may request the status of an employee who is participating in the CMFO program on the city's behalf. Employers are

entitled to obtain a status of the enrolled employee upon request. Requests for a participant's status shall be made in writing either in a letter or an email to the MTAS Finance and Accounting Program Manager. The Manager will determine if the request is reasonable and, if so, forward the request and transcript to the Information Specialist for the Institute for Public Service (IPS) 865.974.6621. The Information Specialist will consult with the UT General Counsel's Office and either gain permission or denial for the request. If permission is granted, an official response is sent to the person requesting the information with a copy to the Finance and Accounting Program Manager. The transcript will list all courses taken and the status of the course (Passed/Completed or Failed). Note that courses are not deemed completed until they are paid in full. Exam scores are not provided to participants or city officials.

CMFO Student Status Reporting

As previously stated, employers are entitled to obtain a status of the enrolled employee upon request. CMFO students are obligated to provide their program status to their employer when requested. If requested, a student is to provide a transcript or certificates of the courses completed. The State Comptroller's office may also request a transcript from a student and a student is obligated to produce that document.

Materials

Materials will be provided once a participant's class registration is received. Participants are expected to study the materials prior to arriving at the class. Additionally, for the four classes covering governmental accounting and financial reporting participants are encouraged to study the Government Finance Officers Association (GFOA) publication, Governmental Accounting, Auditing and Financial Reporting (The Blue Book). The Comptroller's Office has the authority to set accounting practices for local governments and the Blue Book is required practice for each municipality in Tennessee. Copies of the Blue Book may be ordered from the GFOA website www.gfoa.org.

Classroom

Participants are expected to

1. Arrive at least 15 minutes before class begins
2. Sign in prior to class beginning
3. Stay on the premises during lunch and breaks
4. Access to all personal items will be prohibited during the exam, no cell phones, purses, notebooks, etc.
5. Sign out when exam and answer sheet are turned in.

Grading

Grading for the CMFO program is handled in the Knoxville office and all exams are graded electronically. A passing grade of 74 on each class exam is required. Exam results are only given on a pass/fail basis. No scores will be distributed. Exam results will be communicated to participants within 5 working days of the exam date by email from one

of the training staff in the Knoxville office. Those participants enrolled in the program to be certified who receive less than 74 may register for the next class but are encouraged to make up the failed class as soon as reasonably possible. Participants are encouraged to obtain additional training or tutoring for a class they have failed.

Retests

If a participant scores below 74 on any exam, they must retest on that topic. Participants must contact one of the following people to arrange an exam appointment:

- Michelle Buckner- Knoxville 865.974.0411
- Michelle Terry – Nashville 615.532.6827
- Christine Anderson – Jackson 731.423.3710

Retests shall be handled in the same manner as the test-out scenario.

If a participant fails a CMFO exam, they will be sent an email with the exam analysis from the test software attached which indicates the percentage passed by learning objectives. This will give the participant an idea about which topics they need to study. If the participant needs assistance interpreting the exam analysis report they should contact their assigned finance consultant.

NOTE: Participants testing out or retesting need to provide a photo ID and are expected to follow the examination procedures noted above in the Classroom section of this document steps 2, 4 and 5. Participants are allowed 1 hour for each exam additional time is allowed for Accounting I and II and Reporting I and II, however total exam time shall not exceed 1.5 hours.

Requesting Special Accommodations for Testing

Should a participant feel they require special accommodations for testing a request shall be made in writing (or email) to Kay Stegall and Macel Ely. When approved by both Kay and Macel the student will be notified if the accommodation will be made and how.

Reading a Test

If a student requests the CMFO tests to be read to them and the request has been approved the following steps will be taken to accommodate that request.

- The student must notify Kay Stegall and P.J. Snodgrass in advance for each time they wish to be accommodated.
- P.J. will contact the instructor and arrange for a University employee to read the test questions in a location other than the classroom.
- The same rules that apply for testing also apply in this instance.
- An MTAS finance consultant is not allowed to read the test questions to a student.
- The student's test will be processed the same as the other tests.

Testing in a Separate Room

If a student requests that they be allowed to take the test in separate room other than the classroom they shall make that request in advance of each class they attend. The request will be sent to Kay Stegall and P.J. Snodgrass. P.J. will arrange for a proctor to sit in the room with the student if the request is approved. MTAS finance consultants will not be allowed to sit in the room in this situation.

Suspected Cheating

As much as is possible, MTAS will provide a testing scenario that deters and/or prevents cheating. For example, at least two versions of a test for a single course will be generated and labeled. The instructor will take care to ensure that students who are sitting next to each other have different versions of the test. There will be an MTAS or University employee in the room at all times while the test is being taken.

Should the instructor suspect a student is cheating or has cheated on a test, they will first address the student in private about the concern either in oral or written form. The student will be given the opportunity to respond to the allegation. The instructor may decide that the student did not cheat and the issue will be dropped.

If the instructor concludes that the student did in fact cheat on an exam the instructor will consult with Kay Stegall and Macel Ely as to how the incident will be addressed. A decision will be made at that time as to how to proceed with the student after MTAS staff has been able to assess the incident.

MTAS Continuing Education Opportunities

MTAS as part of the University of Tennessee complies with the CPE sponsor requirements as established by the Comptroller's Office. Classes which qualify as CPE are generally categorized as Municipal Administration Program (MAP) classes in the MTAS training system. However, other class offerings may meet CPE requirements and are indicated in the class description by "CMFO-O" or "CMFO-F" in the MTAS online system and training catalog. MTAS continues to develop and add new training options for our customers.

CMFO Program Contacts Information:

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