

# Understanding Your Finance Department: Building and Maintaining a Strong Financial Foundation

Sharon Edmundson

Deputy Treasurer, Director

State and Local Government  
Finance Division

North Carolina Department of  
State Treasurer

Amy H. Cannon, ICMA-CM

NCACC Outreach Associate

# Understanding Your Finance Department

## Agenda

- Statutory foundations for local government finance in NC
- Role of the finance officer in county government
- Role of the governing board in county finance
- Role of the Local Government Commission (LGC)
- Mission, function, and challenges in county finance
- How to achieve success in the finance office

# Understanding Your Finance Department

## Goals for session:

- Commissioners and others to gain a better understanding of the day-to-day operations and challenges of a county finance office
- Commissioners and others to gain a better understanding of the role of the finance officer and the finance department in county government
- Commissioners and others to gain a better understanding of the role of the elected board in county finance

# Statutory Foundations for Local Government Finance in North Carolina

NC Gen. Stat. § 159, Article 3 – *North Carolina Local Government Budget and Fiscal Control Act*

- LGC formed in 1931 as a result of the record number of defaults during the Great Depression
- Initial authority was primarily focused on debt issuance; fiscal monitoring came later on
- Today is a unique organization that combines both functions

# Statutory Foundations for Local Government Finance in North Carolina

What does NC Gen. Stat. § 159 say about the roles and responsibilities of the finance officer?

Part 3 (NC Gen. Stat. §159-24 through 38) covers Fiscal Control

- § 159-24 requires that LGUs have a finance officer at all times
- § 159-25 spells out in detail the duties of the finance officer; list is detailed but not exhaustive
- § 159-26 states the requirement to have an accounting system, again detailed but not exhaustive

# Statutory Foundations for Local Government Finance in North Carolina

LGC Policies and Written Guidance

<https://www.nctreasurer.com/divisions/state-and-local-government-finance>

Topics include:

- Implementation of new finance-related statutory requirements for local governments
- Implementation of new GASB standards and best practices

# Role of the Finance Officer

## **§ 159-24. Finance officer.**

“Each local government and public authority shall, at all times, have a finance officer appointed by the local government, public authority, or designated official to hold office at the pleasure of the appointing board or official. The finance officer may be entitled "accountant," "treasurer," "finance director," "finance officer," or any other reasonably descriptive title. The duties of the finance officer may be imposed on the budget officer or any other officer or employee on whom the duties of budget officer may be imposed.”

# Role of the Finance Officer

## **§ 159-25. Duties of finance officer; dual signatures on checks; internal control procedures subject to Commission regulation.**

- (a) The finance officer shall have the following powers and duties:
- (1) Keep the accounts of the local government or public authority in accordance with generally accepted principles of governmental accounting and the rules and regulations of the Commission.
  - (2) Disburse all funds of the local government or public authority in strict compliance with this Chapter, the budget ordinance, and each project ordinance and shall preaudit obligations and disbursements as required by this Chapter.
  - (3) Prepare and file with the board a statement of the financial condition of the local government or public authority, as often as may be requested by the governing board or the manager.

# Role of the Finance Officer

- (4) Receive and deposit all moneys accruing to the local government or public authority, or supervise the receipt and deposit of money by other duly authorized officers or employees.
- (5) Maintain all records concerning the bonded debt and other obligations of the local government or public authority, determine the amount of money that will be required for debt service or the payment of other obligations during each fiscal year, and maintain all sinking funds.
- (6) Supervise the investment of idle funds of the local government or public authority.
- (7) Perform such other duties as may be assigned by law, by the manager, budget officer, or governing board, or by rules and regulations of the Commission.

# Role of the Finance Officer

(8) Attend any training required by the Local Government Commission under this section.

(9) Contract with outside entities, including certified public accountants in good standing with the North Carolina State Board of Certified Public Accountant Examiners, bookkeeping firms, councils of government, and other units of government, to ensure fulfillment of the duties enumerated in this subsection, excluding subdivision (6), except where specifically allowed by law, and subdivision (8).

Regardless of the entity performing such duties, the authority, powers, and duties of the finance officer shall not be superseded, and the responsibility for accurate and timely fulfillment of duties lies solely with the finance officer.

# Role of the Finance Officer

## What does all that mean??

- Must have a finance officer, whether permanent or interim
- These are not optional responsibilities
- Finance officer not trying to be difficult by following the law

# Role of the Governing Board

- Responsible for appointing a finance officer or for delegating the responsibility to the county manager (NC Gen. Stat. §153A-82(a)(1))
- Maintain a fiduciary role over the public's funds and ensure they are levied, charged, collected, budgeted, and expended in accordance with the statutes
- Set the “tone at the top” with regards to adherence to those statutes

# Role of the Local Government Commission

- NC Gen. Stat. §159-3 through 159-6 creates the Commission and its organization as well as some of its operational structure
- LGC has the ability to make rules and establish procedures
- LGC must approve almost all locally issued debt, including all bonded debt
- Monitor fiscal health by reviewing annual audits and other information that staff can request
- Monitor local government compliance with investment statute
- Certify money markets funds as eligible for local government investment

# Role of the Local Government Commission

NC Gen. Stat. §159-181 speaks to enforcement of the LGBFCA

Section (c) gives the LGC the authority to assume control of the finances of a unit of local government if:

- The LGU has defaulted or is about to default on a debt service payment OR
- After sufficient notice and warning, the LGU continues to be out of compliance with the requirements of the LGBFCA

# Your Finance Department

- Mission
- Functions
- Challenges
- Strong Financial Foundation
- Resources

# Finance Department: Mission

- Provides sound, financial oversight
- Ensures transactions handled in accordance with laws, standards
- Seeks to improve business processes
- Provides timely, accurate information
- Ensure fiscal accountability

# Finance Department: Functions

## Financial Management, Support and Reporting

- Capital and debt management
- Investments
- Revenue recording; invoice payment
- Payroll
- Fiscal support to departments
- Procurement, vendor management, informal and formal bidding
- Employee Benefits, risk management
- Budget
- Accounting and financial reporting

# Finance Department: Challenges

## External Challenges

- Citizen expectations, transparency
- Governmental Accounting Standards Board (GASB)
- Federal funding, American Rescue Plan (ARP)
- Opioid Settlement Funds
- Natural disasters, FEMA reporting

# Finance Department: Challenges

## Internal Challenges

- Staff capacity
- Recruitment and retention
- Training
- Technology
- Grant administration

# Finance Department: Success

## Building and Maintaining a Strong Financial Foundation

- Ensure finance department is adequately staffed
- Provide funding for training and continuing professional education
- Develop recruitment strategies to hire experienced, trained staff
- Invest in your finance department

# Finance Department: Success

## Resources available

- UNC School of Government
- Local Government Commission
- NC Government Finance Officer's Association and the national GFOA
- NCACC – Strategic Member Services (SMS)

Questions?

# Contacts

Sharon Edmundson            919-886-0907 or 919-814-4289

[Sharon.Edmundson@nctreasurer.com](mailto:Sharon.Edmundson@nctreasurer.com)

Amy Cannon                    910-624-0364

[Amy.cannon@ncacc.org](mailto:Amy.cannon@ncacc.org)