
MUNICIPAL FINANCE OFFICER CERTIFICATION AND EDUCATION ACT (CMFO) OVERVIEW

The Municipal Finance Officer Certification and Education Act of 2007 law has two main provisions: (1) the establishment of the “Certified Municipal Finance Officer” (CMFO) program; and, (2) the establishment of minimum qualifications for the chief financial officer of each municipality to “ensure competence in the handling of municipal funds and the protection of public moneys.”

The detailed *Policies and Procedures* that follow address the practical administration and reporting related to each of these two main provisions and are used to determine whether (1) individuals are complying with the requirements of the CMFO program and (2) municipalities are complying with the requirement to employ competent chief financial officers. T.C.A. § 6-56-408

Compliance with the CMFO program requirements involves the following:

- meeting the basic eligibility requirements to participate in the program;
- successfully completing all of the coursework in the program;
- applying for certification through the Comptroller’s online system for CMFO’s;
- annually completing the required continuing education (CPE) and entering the related information in the Comptroller’s online system for CMFO’s; and
- annually certifying regarding ongoing eligibility requirements through the Comptroller’s online system for CMFO’s.

Failure to comply with the above requirements can result in increased CPE requirements or denial, termination, or revocation of the CMFO certification.

Municipal compliance with the requirement to employ competent chief financial officers involves the following:

- ensuring that the municipality has employed a chief financial officer that meets the certification and/or the CPE requirements of the law;
- ensuring that adequate time and funding is provided for the continuing education requirements of the law; and
- completing the Annual Reporting Form in the Contract and Report System (CARS).

Failure to comply with the above requirements can result in financial penalties involving the withholding of sales tax revenue collected and distributed by the state or additional costs for increased CPE requirements.



OVERVIEW OF THE POLICIES AND PROCEDURES

For the

MUNICIPAL FINANCE OFFICER CERTIFICATION AND EDUCATION ACT (CMFO)

*Municipal Finance Officer Certification and Education Act
Policies and Procedures
Table of Contents- Policies and Procedures
December 2015*

Policies and Procedures
Of
The Comptroller of the Treasury
Division of Local Government Audit
Municipal Finance Officer Certification and Education Act
Tennessee Code Annotated (TCA) §§ 6-56-401 - 408

Table of Contents:

	<u>Page</u>
I. Policies	3
A. Purpose	3
B. Definitions	3
C. Registry of Individuals	7
D. Municipal Compliance	7
E. Continuing Professional Education	8
F. Civil Penalties Criteria	8
G. Certified Municipal Finance Officer Program (CMFOA Categories 1, 4, and 5)	8
1) Registry of Individuals	8
2) Receiving the Certified Municipal Finance Officer Certificate	8
3) Continuing Professional Education (CPE) Compliance and Approved Curriculum	9
4) Denial of Certificate	9
5) Certification Revoked or Closed	9
 II. Procedures	 11
A. Municipal Requirements	11
1) Annual Compliance Form	11
2) Continued Compliance	11
3) Military Leave	12
4) Penalties	13
5) Waivers, Extensions and Grace Periods	13
B. General Administrative Matters	13
1) Registering with the Comptroller’s Office and MTAS	13
2) Accuracy of Information in the CMFOA System (CMFOA Categories 1, 2, 3, 4, and 5)	14
3) Applications in the Comptroller’s CMFOA System	14
4) CMFO Program Administration (CMFOA Categories 1, 4, and 5)	15
5) Military Leave	15

*Municipal Finance Officer Certification and Education Act
Policies and Procedures
Table of Contents- Policies and Procedures
December 2015*

C. Circumstances Resulting in a Certificate Being Revoked, Expired Closed, Delinquent or Inactive CMFOA Status – (CMFOA Categories 1, 4, and 5)	16
1) Revoked Certificate	16
2) Certificate Delinquent, Expired or Closed	16
3) Inactive Certificate	16
D. Certified Professional Education (CMFOA Categories 1, 2, 3, 4, and 5)	16
1) Hours Required by CMFOA Status	17
2) CPE Topics and Categories	17
3) CPE Reporting Cycle	18
4) Documentation Requirements	18
5) CPE Provider/Sponsor Requirements	19
6) Extension of Time for Meeting CPE Requirements	21
7) Approval/Audit of CPE	21
8) Audit of CPE	22
9) CPE Penalties	23
10) CPE for Teaching/Presenting at a Seminar	23
11) CPE for Reading Journals and Other Professional Magazines	24
E. Changing Your CMFO Certification Status (CMFOA Categories 1, 4, and 5)	24
1) Changing from Active to Inactive	24
2) Changing from Inactive to Active	24
3) Reinstating from Closed	25
F. Ethics	25
1) General	25
2) Annual Certification	25
3) Penalties for Violations	26
G. Miscellaneous	26
1) Loss of Exemption for CMFOA Category 2 Individuals	26

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section I - Policies
December 2015

SECTION I
POLICIES

A. Purpose

The purpose of these policies and procedures is to aid in the implementation the Municipal Finance Officer Certification and Education Act of 2007.

Authority: *T.C.A.* §§ 6-56-401 – 408.

B Definitions

(1) “Act” or “CMFOA” means Municipal Finance Officer Certification and Education Act of 2007.

(2) “Certified Municipal Finance Officer (CMFO)” means an individual who:

- has met the educational and testing requirements of *T.C.A.* § 6-56-403;
- meets the continuing education requirements of *T.C.A.* § 6-56-404;
- has met all other requirements of the Act; and
- holds an official certificate issued by the Comptroller of the Treasury.

(3) “CMFOA Category” – means a specific grouping for individuals who are referenced in the Act and is used for determining applicable compliance requirements for each individual. The Categories are divided into two main groups:

Group I - individuals who are the financial oversight designee/chief financial officer for a municipality, and;

Group II – includes (a) individuals who are not employed by a Tennessee municipality, or (b) individuals who are employed by a municipality, but who are not the financial oversight designee/chief financial officer.

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section I - Policies
December 2015

Group I CMFOA Categories

- (a) CMFOA Category 1. Employees who have obtained CMFO certification and hold themselves out to be a Certified Municipal Finance Officer by having met the initial requirements in *T.C.A. § 6-56-403*.
- (b) CMFOA Category 2. Employees who are exempt from obtaining the CMFO certification under *T.C.A. § 6-56-405*, including individuals with **active** Certified Public Accountant (CPA), Certified Government Financial Manager (CGFM) and/or Certified Public Finance Officer (CPFO) certifications. Government experience and Tennessee government experience must be within the last ten (10) years.
- (c) CMFOA Category 3. Employees who are exempt from obtaining the CMFO certification under *T.C.A. § 6-56-402*.

Group II CMFOA Categories

- (a) CMFOA Category 4. Individuals who are **not** employed by a Tennessee municipality but have obtained the CMFO certification and hold themselves out to be a Certified Municipal Finance Officer by having met the initial requirements in *T.C.A. § 6-56-403*.
 - (b) CMFOA Category 5. Individuals who are employed by a Tennessee municipality and are not the financial oversight designee/chief financial officer (FOD) for that municipality but have obtained the CMFO certification and hold themselves out to be a Certified Municipal Finance Officer by having met the initial requirements in *T.C.A. § 6-56-403*.
- (4) “CMFOA Status” means an individual’s current status with regard to compliance with the Act. An individual’s CMFOA Status is dependent on the “CMFOA Category” they are in. Each possible CMFOA Status for each CMFOA Category is listed below.

CMFOA Categories 1, 2, 4, and 5

- (a) **Active** – In good standing (fully compliant with the Act).
- (b) **Closed** – Status has been “expired” for (1) year. Any individual with a closed status who is a CMFO may be required to repeat the program to be reinstated. This determination of process for reinstatement is made by the Comptroller’s

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section I - Policies
December 2015

office. Any exempt individual with a closed status may be required to reapply for exemption, solely at the discretion of the Comptroller's office.

- (c) **Deceased** – Comptroller's office has been notified that the individual is deceased.
- (d) **Delinquent** – Has failed to meet their CPE plus any applicable penalty-hours requirement within six (6) months following assessment of the penalty.
- (e) **Expired** – CMFOA Status has been “delinquent” for one (1) year. Penalty hours are no longer tracked, unless the individual wishes to become active again.
- (f) **Inactive** – (1) Certificate holder who has surrendered their right to hold themselves out as a CMFO and is not required to meet CPE requirements. (2) Notification received by the Comptroller's office that an individual was called to active duty by the armed forces and was reclassified by the Comptroller as on military leave and no follow up communication was received by the Comptroller's office by the end of the year following the estimated deployment end date.
- (g) **CPE Penalty Hours** – Additional CPE required to be taken as detailed in Section II. D. 9.
- (h) **Military Leave** – On active military duty.
- (i) **None** – Initial classification until CMFOA Status is determined.
- (j) **Other** – Status has not yet been determined, health issues or other matters are under consideration, or in dispute.
- (k) **Revoked** – Felony or theft conviction and/or serious ethics violations that resulted in (1) a request for return of Certificate and (2) prohibition on holding one's self out as a CMFO. This CMFOA Status cannot be reinstated.
- (l) **Student** – Enrolled in the CMFO program but has not completed the program or has withdrawn from the program.

CMFOA Category 3

- (a) **Active** – In good standing (fully compliant with the Act).
- (b) **Closed** – Status has been “delinquent” for (1) year.

*Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section I - Policies
December 2015*

- (c) **Deceased** – Comptroller has been notified that the individual is deceased.
 - (d) **Delinquent** – Has failed to meet their CPE plus any applicable penalty hours requirement within six (6) months following assessment of the penalty.
 - (e) **Military Leave** – Called up to active duty.
 - f. **None** – Initial classification until CMFOA Status is determined.
 - g. **Other** – Status has not yet been determined, health issues or other matters are under consideration, or is in dispute.
- (5) “CMFOA System” means the web based application maintained by the Comptroller’s Office to track the activity of all CMFOA Categories of individuals relative to the “Act”
- (6) “Continuing Professional Education (CPE)” is equivalent to Continuing Professional Education (CPE) as defined by the National Association of the State Boards of Accountancy (NASBA)
- (7) “CPE Status” means an individual’s current status with regard to compliance with the CPE requirements of the Act. The CPE Status categories are:
- (a) **Current** – Has met all of the CPE reporting requirements for the most recent reporting cycle.
 - (b) **Delinquent** – CPE requirements have not been met by the penalty due date.
 - (c) **None** - Initial classification until the first reporting cycle is complete.
 - (d) **Not Required** – Not required to submit CPE based on current CMFOA Status.
 - (e) **Other** – (1) CPE status has not been determined, (2) has not met penalty CPE reporting requirements for the most recent reporting cycle, or (3) CPE requirement is in dispute.
 - (f) **Penalty** – (1) Did not meet the reporting requirements for the most recent reporting cycle or (2) has an ethics violation.
- (8) “Financial Oversight Designee/Chief Financial Officer (FOD)” means a CMFO or other individual who is employed by a municipality and who has oversight

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section I - Policies
December 2015

responsibilities regarding the municipality's financial operations subject to the provisions of *T.C.A.* § 6-56-402.

- (9) "MTAS" means the Municipal Technical Advisory Service of the University of Tennessee

Authority: *T.C.A.* §§ 6-56-402, 6-56-403, 6-56-404, 6-56-405, 6-56-408.

C. Registry of Individuals

CMFOA System

- (1) All individuals, i.e., CMFOA Categories 1 through 5, must register in the Comptroller's CMFOA System. The Comptroller will adopt methods, which will be imbedded in the CMFOA System and/or detailed on the Comptroller's website, by which an individual may register and demonstrate ongoing compliance.
- (2) Municipalities will not be considered to be in compliance with the Act unless the Financial Oversight Designee/Chief Financial Officer (FOD) employed to meet the terms of the Act is currently registered with the Comptroller.

Authority: *T.C.A.* §§ 6-56-402, 6-56-403, 6-56-404, 6-56-405, 6-56-408.

D. Municipal Compliance

- (1) The determination of whether a municipality is required to have in its employment a CMFOA Category 1, Category 2, or Category 3 financial oversight designee, as defined in Section C of these policies, shall be in accordance with the provisions outlined in *T.C.A.* § 6-56-402. The Comptroller will adopt methods, which will be imbedded in the Contract and Reporting System (CARS) and/or detailed on the Comptroller's website, by which each municipality shall demonstrate proof of its employment of an individual who is registered within the required CMFOA Category to act as its financial oversight designee.
- (2) If the municipality fails to employ a qualified financial oversight designee by the mandatory compliance date under *T.C.A.* § 6-56-406, the municipality is in violation of the Act unless its noncompliance is a result of a financial oversight designee who terminates their employment with the municipality, subject to the provisions of *T.C.A.* § 6-56-406(c).
- (3) After a municipality has established compliance with the Act under *T.C.A.* § 6-56-406, the municipality is responsible for maintaining compliance with the Act. The

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section I - Policies
December 2015

Comptroller's office will develop methods for each municipality to demonstrate proof of its continuing employment of an individual who is registered within the required CMFOA Category to act as its financial oversight designee.

Authority: *T.C.A.* §§ 6-56-402, 6-56-404- 406, and 408.

E. Continuing Professional Education

Continuing professional education (CPE) shall be reviewed by the Comptroller's office to determine that the training is consistent with the requirements set forth by statute and policies established by the Comptroller's office.

Authority: *T.C.A.* § 6-56-404

F. Civil Penalties Criteria

Municipalities that are in noncompliance with the Act may be subject to the assessment of civil penalties as determined by the Comptroller's office. Assessment will be based on a evaluation of the municipality's efforts to comply with the law as well as any unique conditions, difficulties, or circumstances beyond the municipality's control.

Authority: *T.C.A.* §§ 6-56-407, 408.

G. Certified Municipal Finance Officer Program (CMFOA Categories 1, 4 and 5)

(1) Registry of Individuals

An individual desiring to become a Certified Municipal Finance Officer (CMFO) must complete the MTAS approved program. A candidate need not be employed by a municipality in order to obtain the certification. MTAS will develop methods for candidates to enroll in the program, complete the required courses, and take the examination.

Authority: *T.C.A.* §§ 6-56-403, 408.

(2) Receiving the Certified Municipal Finance Officer Certificate

After completing the required courses and achieving a passing grade on the examinations, a candidate will be eligible to receive the CMFO certification. The candidate must obtain approval from the Comptroller in order to receive the certification. The Comptroller will develop methods, which will be imbedded in the

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section I - Policies
December 2015

CMFOA System and/or detailed on the Comptroller's website, for candidates to apply for the certification.

Authority: *T.C.A.* §§ 6-56-403, 408.

(3) Continuing Professional Education (CPE) Compliance and Approved Curriculum

Financial education for purposes of continuing professional education is education that is consistent with the training required to receive the CMFO certification. The Comptroller shall provide guidelines for acceptable CPE.

To ensure quality training is provided, providers/sponsors of CPE will comply with the guidelines established by the Comptroller's office, which will be detailed on the Comptroller's website.

Authority: *T.C.A.* §§ 6-56-403 & 6-56-404

(4) Denial of Certificate

An individual seeking to become a certified municipal finance officer may be denied if any of the criteria in *T.C.A.* § 6-56-403 are not met. The Comptroller's Office shall develop forms and procedures for implementing this provision, which will be imbedded in the CMFOA System and/or detailed on the Comptroller's website.

Authority: *T.C.A.* § 6-56-403

(5) Certification Revoked or Closed

Any individual who has successfully completed the curriculum required by *T.C.A.* § 6-56-403 (a) and has received a certificate identifying them as a certified municipal finance officer who:

- subsequently fails to comply with *T.C.A.* § 6-56-403 (b)(3) or (4), and/or
- has been found to have made false statements in the application to receive the certification of certified municipal finance officer, and/or
- has been found to have made false statements in the annual certification of certified municipal finance officers in the Comptroller's CMFOA System, and/or

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section I - Policies
December 2015

- has been found to have submitted certificate(s) for CPE which they did not attend or complete, and/or
- has not met the continuing professional education requirements (including assessed CPE penalties) for 3 consecutive years without applying for a waiver, and/or
- has not met a waiver requirement in 2 consecutive years, and/or
- has been found to have committed ethics violations,

may have their certification revoked. The Comptroller shall develop procedures, which will be imbedded in the CMFOA System and/or detailed on the Comptroller's website, to assess violations and determine the appropriate course of action, up to and including revocation of the certification.

Authority: *T.C.A.* § 6-56-404 (b)

SECTION II
PROCEDURES

A. Municipal Requirements

(1) Annual Compliance Form

Pursuant to Policy D, the Comptroller has devised an annual reporting form for municipalities. The form is included in the online Contract and Reporting System (CARS) and is required to be completed within 60 days of the initial notification by the Comptroller's office. The notification will be sent to the email address recorded in CARS. Municipalities are responsible for ensuring that the email address in CARS is current.

Municipalities who fail to complete the annual reporting form or who are in noncompliance with the Act may be subject to civil penalties.

(2) Continued Compliance

(a) Each municipality is responsible for monitoring their compliance with the Act. This includes ensuring the financial oversight designee:

- has the time and resources allocated to obtain required CPE;
- obtains annual CPE consistent with these Policies and Procedures (content of courses, number of hours, timing of hours);
- possesses and maintains qualifications consistent with the law; and
- completes the annual compliance form in a timely manner.

(b) Failure of the financial oversight designee to comply with *T.C.A. § 6-56-404*, "Continuing Education to Maintain Certification", as detailed in (a) above will result in the municipality being out of compliance with the law.

Municipalities required to employ an individual who must meet the requirements of CMFOA Category 1 or 2 have two (2) years following the hire date to come into compliance with the law.

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015

Municipalities required to employ an individual who, at a minimum, meets the requirements of CMFOA Category 3 must ensure that the employee has 24 hours of CPE during the first full calendar year the individual is employed (e.g., January 1 through December 31), and all subsequent years of employment.

(Note: Any municipality that did not meet the initial compliance date and has not been in compliance since that time, does not have two years to come into compliance with the Act.)

- (c) If a municipality's revenue or debt increases to the point that they must employ a CMFOA Category 1 or 2 individual rather than a CMFOA Category 3 individual, the municipality has two (2) years from the date of the financial report that reflected the increase in revenue or debt to come into compliance with the Act.

Example - If the annual audited financial report for June 30, 20X1 reports an increase in revenue or debt from \$225,000 to \$510,000, the municipality must either (1) ensure that their current employee is a CMFO by June 30, 20X3, or (2) employ a CMFOA Category 1 or 2 individual by June 30, 20X3.

- (d) If a municipality's revenue or debt decreases to the point that they are no longer required to employ a CMFOA Category 1 or 2 individual, it is recommended that the municipality continue employing a CMFOA Category 1 or 2 individual. However, the city may employ a CMFOA Category 3 individual, who must begin obtaining CPE as of the first full calendar year they are employed.

(3) Military Leave

When a municipality employs an individual who is placed on active duty, no action is required until six (6) months following deployment of the individual. The six (6) months begins on the last day the individual is at work following notice of deployment and ends on the same day of the sixth month following that date. No later than from that date (six (6) months following deployment), the municipality must employ a qualified individual who will serve as the financial oversight designee. Care should be taken to ensure that federal regulations regarding individuals on military leave are complied with. The municipality should be aware that their obligation for reemployment of the individual on military leave may extend for up to five (5) years from the date of deployment. Employment terms for the new financial oversight designee employee should acknowledge the possibility of reemployment of the individual on military leave.

Please note that the above procedures do not excuse the municipality of its responsibility for proper financial oversight of municipal resources during these six

***Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015***

months. Temporary help or other employee(s) will need to be assigned the duties of the deployed individual during the six months following deployment.

(4) Penalties

When, based on the annual compliance form, a municipality fails to comply with the Act, a letter will be sent from the Comptroller's office notifying the municipality of the noncompliance. The decision to assess penalties is at the sole discretion of the Comptroller's office. A letter will be sent to the municipality indicating when the penalty set by state statute will be imposed. The penalty will begin to accrue as established in the Act and will continue to accrue until **all** steps have been completed to bring the municipality into compliance.

The compliance date will be set as the date when **all** steps have been completed.

(5) Waivers, Extensions, and Grace Periods

Waivers, extensions, or grace periods will be communicated to municipalities via email. The decision to grant such waivers, extensions, or grace periods related to penalties is at the sole discretion of the Comptroller.

B. General Administrative Matters

(1) Registering with the Comptroller's Office and MTAS

Municipal Finance Oversight Designees (CMFOA Categories 1, 2, and 3)

All FODs must apply for an account in the Comptroller's web based system, known as Certified Municipal Finance Officer Act System (CMFOA System). All account applications must be approved by the Comptroller's Office.

CMFO Certificate Candidates (1) Not Employed by a Municipality or (2) Employed by a Municipality but not as the FOD (CMFOA Categories 4 and 5)

All candidates must apply for an account in the Comptroller's web based system, known as Certified Municipal Finance Officer Act System (CMFOA System). All account applications must be approved by the Comptroller's Office. A Certificate will not be awarded until an account application has been approved.

Registering for the CMFO Certification Program (CMFOA Categories 1, 4 and 5)

All individuals seeking the CMFO certification must register for the program with MTAS through their web based system. Information on the process can be found on MTAS's web site.

***Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015***

(2) Accuracy of Information in the CMFOA System (CMFOA Categories 1, 2, 3, 4, and 5)

Individuals in **ALL** CMFOA Categories are responsible for updating their information in the CMFOA System. Changes in email addresses, city affiliation, etc. should be made in the system within thirty (30) days of the change.

Information that is emailed by the Comptroller and is not received by an individual due to failure to update information does not constitute a valid reason for not complying with or being aware of noncompliance, updates regarding the Act, or other matters regarding the Act, including, but not limited to, CPE reporting, penalty assessments, etc.

(3) Applications in the Comptroller's CMFOA System

The CMFOA System has three (3) applications:

CMFO Certification Application (CMFOA Categories 1, 4, and 5)

No one will be certified until an application for a certificate has been completed. Once completed and approved, the certificate effective date is the end of the month in which the last CMFO class was completed.

Failure to apply for the certificate immediately following successful completion of the program will not cause the CPE start date to be extended. (e.g., if the program is completed in November 2012, but the application for certification is not filed until June 2013, the CPE start date will be January 1, 2013, not January 1, 2014.)

CPA, CGFM, and CPFO Exemption Application (CMFOA Category 2)

An exemption from the requirements to obtain the CMFO certification is available if the FOD holds a CPA, CGFM, and/or CPFO certification. An exemption will not be granted until the application is completed and approved. An exemption will not be granted for CPAs if they do not have the required government and Tennessee government experience within the last ten (10) years.

Municipal Employees Only Required to Meet CPE Requirements Exception Application (CMFOA Category 3)

An application for an employee of a municipality that is not required to have a CMFOA Category 1 or CMFOA Category 2 individual in their employ must be

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015

completed and approved before the individual will be eligible to act as the FOD for the municipality pursuant to the Act.

(4) CMFO Program Administration (CMFOA Categories 1, 4 and 5)

A CMFO candidate must pass all exams with a minimum score, as established by the Comptroller's office. As of May 1, 2010, candidates shall pass with a minimum score of 74 on each exam. Any change to the required minimum score will be posted on the Comptroller's website.

An individual must pass all parts of the CMFO program within three (3) years of the start date. After 3 years, the program must be restarted and all credit for past CMFO examinations successfully completed will not count toward certification. For individuals who had completed any class in the program prior to January 1, 2015, the three (3) years begins upon the issuance of these policies and procedures.

MTAS may provide procedures related to administering the CMFO exams as necessary. MTAS will submit the procedures to the Comptroller's office for review and approval prior to posting on MTAS' website.

(5) Military Leave (CMFOA Categories 1, 2, 3, 4, and 5)

Any individual who has been placed on active duty must complete a *military leave form* through the Comptroller's online CMFOA System. Once the form has been submitted, the individual will be placed on military leave status. Once the individual returns, a military return form should be completed and the individual will be placed back in active status. If no military return form is filed by the end of the year following the estimated deployment end date, the individual's CMFOA Status will be changed as follows:

- Individuals in CMFOA Categories 1, 2, 4 and 5 will be changed to an inactive CMFOA Status until further notification is received;
- Individuals in CMFOA Category 3 will be changed to other CMFOA Status until further notification is received.

*Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015*

C. Circumstances Resulting in a Certificate Being Revoked, Expired, Closed, Delinquent or Inactive CMFOA Status – (CMFOA Categories 1, 4, and 5)

(1) Revoked Certificate

The following circumstances will result in the CMFO certificate being revoked:

- Conviction of a Felony
- Conviction of theft from employer
- Significant, on-going ethics violations

(2) Certificate Delinquent, Expired or Closed

The following circumstance will result in the CMFO certificate being classified as delinquent:

- Noncompliance with CPE requirements.

If action is not taken by the certificate holder to correct the CPE deficiency within one (1) year from the date the certificate was classified as delinquent, the CMFO certificate will be classified as expired.

If action is not taken by the certificate holder to correct the CPE deficiency within one (1) year from the date the certificate was classified as expired, the CMFO certificate will be classified as closed.

(3) Inactive Certificate

The following circumstances will result in the CMFO certificate being classified as inactive, until further action is taken to become active again:

- Voluntary request to become Inactive
- Military Leave with no communication by the estimated return date filed with the Comptroller's office.

D. Certified Professional Education (CMFOA Categories 1, 2, 3, 4, and 5)

All provisions in this Section apply to CMFOA Categories 1, 2, 3, 4, and 5).

***Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015***

(1) Hours Required by CMFOA Status

The CPE requirements for each CMFOA Status in the system are:

Status	CPE Requirement
Active	A minimum of 24 hours of CPE must be taken per calendar year.
Closed	CPE will not be tracked by Comptroller's Office until steps have been taken by the individual to be reinstated to an Active Status.
Deceased	CPE is not applicable.
Delinquent	Minimum of 24 CPE hours during the calendar year plus penalty hours within one (1) to six (6) months of the penalty assessment date will be required to be reinstated to an Active CMFOA Status.
Expired	Minimum of 24 CPE hours during the calendar year plus penalty hours within one (1) to six (6) months of the penalty assessment date will be required to be reinstated to an Active CMFOA Status.
Inactive	No CPE is required.
Military Leave	CPE is suspended until subsequent notification from the individual on military leave status.
None	CPE is not currently applicable or individual is in the first year of reporting CPE.
Other	CPE is based upon each individual case.
Revoked	CPE is not tracked by Comptroller's Office.
Student	CPE is not currently applicable.

(2) CPE Topics and Categories

- (a) All CPE is to be categorized in two broad categories: Financial (F) and Other (O). Each year at least 16 hours of the CPE obtained must be in the "Financial" category, and no more than 8 hours of the required 24 may be in the "Other" category.
- (b) CPE topics and categories will be established by the Comptroller and posted on the CMFOA System website. Updates will be posted and be effective based on the dates posted to the website.
- (c) All individuals who are required to take CPE should select continuing education opportunities that maintain and/or improve their competence in their profession. In other words, the same CPE course cannot be taken repetitively. Updates,

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015

refresher courses and other courses that “maintain or improve competence” are acceptable.

(3) CPE Reporting Cycle

All CPE should be reported through the CMFOA System.

(a) Initial Reporting Cycle

CMFOA Categories 1, 4, and 5

A reporting cycle is each full calendar year following completion of the CMFO program. If an individual finishes the CMFO program by December 31, 20X0, and is subsequently awarded a certificate in the following year, the first reporting cycle is January 1, 20X1 through December 31, 20X1. If an individual finishes the CMFO program on February 20th, 20X2, and is subsequently awarded a certificate in April 20X2, the first reporting cycle is January 1, 20X3 through December 31, 20X3.

CMFOA Categories 2 and 3

The initial reporting cycle is the first full calendar year following the year of an individual’s initial employment and/or designation as the municipality’s financial oversight designee.

(b) Subsequent Reporting Cycles

CPE should be reported by December 31 of the calendar year reporting cycle. That is, if the reporting cycle is January 1, 20X2 through December 31, 20X2, CPE should be reported by December 31, 20X2. A grace period will be extended through March 1st of the following year *for uploading any certificate* that had not been received at December 31. However, the information regarding the class should still be entered by December 31. Any FOD/CMFO who has not entered their CPE by that date may be assessed CPE penalties (the penalty assessment date). The web based CMFOA System must be used to report CPE.

(4) Documentation Requirements

(a) Required Information and Retention Period

All individuals required to obtain CPE are required to maintain documentation for continuing professional education. That documentation includes a completion certificate, transcript or other equivalent document that displays the name of the

***Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015***

class, dates attended, sponsor name (and number if they are on the National Association of State Boards of Accountancy's (NASBA's) registry of CPE sponsors), sponsor signature, and hours of CPE earned. If the hours are not classified on the certificate, the agenda, itinerary or class schedule may also have to be attached. Otherwise, the agenda, itinerary or class schedule should be retained in the personal files of each individual, along with the attendance certificate, transcript or other equivalent document for a minimum of three years following each reporting cycle.

(b) CPE Sponsors and Providers

CPE sponsors and providers must meet certain minimum requirements for the course to qualify for CPE. (See below.)

(c) Method of Reporting

The CMFOA System web based application is available for reporting CPE. An individual may upload CPE information after completing each class or at the end of the year. However, individuals must enter all CPE and the related certificates by December 31 of the current reporting cycle. CPE certificates for classes taken in November or December should be uploaded as soon as possible, but must be uploaded by March 1, of the year following the reporting cycle.

Electronic copies of the attendance certificate (CPE certificate of completion) which includes the sponsor name, description of program session, hour(s) completed, category for the hours completed (see exception noted below), date of training, signature of sponsor (which may be electronic), and location of training should be attached to the CMFOA System on the Comptroller's website.

CPE categorized for CPAs will require some adjustment. Guidance for this adjustment is on the CMFOA System.

(5) CPE Provider/Sponsor Requirements

- (a) All continuing professional education, including self-study courses, provided by organizations on NASBA's registry of sponsors will meet the provider requirements of the CMFO program. The classification of CPE units used by these providers is tied to the requirements applicable to CPAs. Classification adjustments will generally be required.

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015

- (b) For CPE provided by organizations/sponsors that are not on NASBA's registry of sponsors, the following minimum guidelines must be met in order to qualify for credit to satisfy the requirements of *TCA*.
- i. A continuing education program must contribute directly to the professional competence of the certificate holder.
 - ii. Programs requiring attendance may be considered for credit if:
 - An outline is prepared and retained for at least five (5) years after the date of the presentation of the program;
 - The program is at least one (1) credit hour [one (1) credit hour = fifty (50) minute period];
 - The program is conducted by a qualified instructor, discussion leader, or lecturer; and
 - A record of attendance is maintained.
 - iii. University or college courses provided that:
 - For credit courses, each semester hour credit shall equal fifteen (15) continuing education credit hours, and each quarter hour credit shall equal (10) continuing education credit hours;
 - For non-credit short courses, continuing education credit shall equal actual time in class;
 - iv. The sponsor of any continuing education program must issue to attendees certificates of completion that include the following:
 - Sponsor name;
 - Date(s) of training;
 - Title of program;
 - CPE subject code;
 - CPE credit awarded.

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015

- v. The sponsor of any continuing education program shall keep detailed records of the following for a period of five (5) years after the date of the presentation of the program:
- The date and location of the program presentation;
 - The name of each instructor or discussion leader;
 - A list of attendees of each program presentation;
 - A written outline of the program presentation; and
 - The number of continuing education hours allowable.

(6) Extension of Time for Meeting CPE Requirements

- (a) The Comptroller may, upon written request, extend the time within which FODs/CMFOs must comply with the CPE requirements for reasons of poor health, military service, foreign residence or other good cause. Generally extensions will be limited to one (1) to six (6) months. However, extensions will not be granted in two (2) consecutive years, except in extreme circumstances.
- (b) Any FOD/CMFO who requests or is granted an extension of time under this rule shall remain subject to all other CPE requirements, and shall note such extension on any CPE certificate of completion uploaded related to the extension granted.
- (c) Requests for extension under this provision will be automatically denied if filed later than December 15th of the reporting cycle, unless there are extenuating circumstances.

(7) Approval/Audit of CPE

All CPE will be subject to audit. The CPE documentation submitted by those individuals selected for audit will be reviewed throughout the reporting year. Any comments as a result of the audit will be communicated to each individual.

All CPE submitted by an individual will be labeled as “submitted”. If the CPE is subject to audit, the coding will be changed for each class to one of the following:

- **Audited** – Selected for review and the review disclosed no problems with the CPE reported.

***Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015***

- **Pending** – The review disclosed problems with the CPE reported that are not yet resolved.
- **Disallowed** – The review disclosed significant problems with the CPE reported.
- **Incomplete** – The review disclosed minor problems with the CPE documentation submitted.

If the CPE is incomplete or disallowed, an email notification will be sent to the preferred email address on record in the CMFOA System. The email will detail the CPE credits that have been disallowed or are incomplete. The individual will be permitted to submit, within ten (10) business days, additional information for consideration. If the CPE classification is not changed based on failure to respond or insufficient additional information, a review will be conducted to determine if penalty hours are required. The decision to assess a penalty will be based on:

- prior reporting compliance;
- availability of excess hours to offset the incomplete or disallowed CPE;
- other factors that may have negatively affected the individual's ability to report properly.

Penalty hours will be assessed based on the evaluation and a notification will be sent to the preferred email address on record in the CMFOA detailing the number of hours required, date by which they must be completed, and any other special requirements. Generally penalty hours must be completed within one (1) to six (6) months following notification of the assessment. Maximum assessments are detailed in item (9) below.

(8) Audit of CPE

The documentation maintained by each FOD/CMFO and CPE provider may be subjected to an in-depth audit, at the discretion of the Comptroller. Any audit which includes an audit of the CPE provider that discloses deficiencies with the provider that, in the opinion of the Comptroller's Office, warrants termination of eligibility as a provider, will be communicated to all FODs/CMFOs and MTAS through email and on the CMFOA System web site as soon as possible. Once the communication has been sent, all further CPE from that provider will be disallowed and will not be approved in the CMFOA System. Any CPE already registered and paid for in whole

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015

or in part by any FOD/CMFO will be allowed, once sufficient documentation has been submitted to verify that the CPE has been registered and paid for.

(9) CPE Penalties

Penalties will be assessed as follows:

- **CMFOA Status is Active and CPE Status is Delinquent** – maximum penalty of 24 CPE hours
- **CMFOA Status is Delinquent** – maximum penalty of 24 CPE hours
- **CMFOA Status is Expired** - maximum penalty of 48 CPE hours
- **CMFOA Status is Closed** – (1) maximum penalty of 72 CPE hours and/or (2) required to apply for and meet all program requirements as if they were a new student, i.e., must take all program tests again.

Penalty hours must be obtained and reported in the CMFOA System within six (6) months of the penalty assessment date. The penalty assessment date is the date on the letter notifying the FOD/CMFO that penalty hours are being assessed.

(10) CPE for Teaching/Presenting at a Seminar

- CPE will be granted for being a teacher or for being a presenter at a seminar only for the first time that the class is taught or the presentation is made, unless the class or presentation is substantially changed. Credit for teaching/presenting is calculated at 1.5 times the length of the class/presentation. That is, an eight (8) hour class would qualify for twelve (12) hours of CPE (subject to the limitations related to financial and other classifications). CPE credits for teaching/presenting and reading journals and other professional magazines are limited to twelve (12) hours per year.
- All materials used for the class/presentation should be retained for five (5) years for audit purposes. Items uploaded into the CMFOA System should be in PDF and include:
 - Slides in any power point presentation
 - Speaker notes
 - Conference/class brochure listing the presentation/class, your name, etc.

***Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015***

(11) CPE for Reading Journals and Other Professional Magazines

CPE credit will be granted for any Journals or Professional Magazines related to CPAs, CGFMs, or CPFOS, if the certifying body awards CPE for them. CPE credits for teaching/presenting and reading journals and other professional magazines are limited to twelve (12) hours per year (subject to the limitations related to financial and other classifications).

E. Changing your CMFO Certification Status (CMFOA Categories 1, 4, and 5)

(1) Changing from Active to Inactive

A CMFO cannot change their status to inactive if their current CMFOA Status is anything other than active **and** their CPE status is anything other than none or current. In limited circumstances the CPE status may be other and the status changed to inactive. Such circumstances would exist if the CMFO had only been active for less than 2 years and had been granted a waiver that allowed CPE credit for inadequately documented CPE or insufficient CPE in the financial classification.

A person may request a change in their status from active to inactive at any time, as long as they meet all of the above conditions. Requests to change to inactive status can be emailed or mailed to the Division of Local Government Audit and should include the name, address, certificate number, and effective date of inactive status of the individual requesting to be changed to inactive status. .

A person may not hold themselves out to be a CMFO when in an inactive status.

A person is not required to obtain CPE while inactive.

(2) Changing from Inactive to Active

Application for reactivation. Prior to reactivation, you must have completed 24 hours of CPE during the 12 month period preceding the date of request of reactivation of your CMFO certificate. In addition, you must comply with the 24 hour requirement for the current calendar year. For example:

If you decide to reactivate in August of 20X1, you must have 24 hours of CPE from September 20X0 through August 20X1. If you took 12 hours in the calendar year 20X0 and 12 hours in the calendar year 20X1, you would still need to take 12 additional hours from August 20X1 through December 20X1 to be in compliance with the CPE requirement for the annual reporting for the 2011 calendar year.

***Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015***

(3) Reinstating from Closed

Application for reinstatement. The application for reinstatement will be reviewed and the individual will either be required to successfully complete the CMFO program again or, prior to reinstatement, complete 72 hours of CPE during the 12 month period following the date of the request for reinstatement of the certificate. 24 hours of this requirement may be applied to the CPE requirement for the current calendar year. For example:

If you request reinstatement in August of 2011 and you are approved in August 2011 to take 72 hours of CPE for reinstatement rather than complete the program again, then you must complete the CPE by August 2012. If you took 60 hours in the calendar year 2011 and 12 hours in the calendar year 2012, you would still need to take 12 additional hours from August 2012 through December 2012 to be in compliance with the CPE requirements. However, if you took 36 hours in the calendar year 2011 and 36 hours in the calendar year 2012, you would not need to take any additional CPE for the annual reporting for the 2012 calendar year.

F. Ethics

(1) General

The Association of Government Accountants (AGA) Ethics Handbook, Part I (excluding the section on Guidance and Enforcement in Part I) and Appendix C are adopted, by reference, and are applicable to all qualified individuals, as defined in Section 2.0.0 of AGA's procedures. All references to AGA, National Executive Committee, National Board of Directors, Professional Ethics Board, and similar references shall be construed to refer to the Comptroller's Office. All references to AGA members, members, Certified Government Financial Manager (CGFM), and similar references shall be construed to refer to "qualified individuals" under the Act.

It is considered to be an ethical violation if you hold yourself out as a CMFO if your CMFO status is not active. Any individual who holds themselves out as a CMFO but has not received notification of the approval of their application for certification may be denied certification in the future, at the sole discretion of the Comptroller's Office. Regulators for any other professional certifications that the individual may hold may be notified of the violation, at the sole discretion of the Comptroller's Office.

(2) Annual Certification

An annual "certification" shall be made in the CMFOA System to make certain assertions related to:

Municipal Finance Officer Certification and Education Act
Policies and Procedures
Section II - Procedures
December 2015

- a. Validity of information entered into the CPE tracking application;
- b. Conviction of any crime that is addressed in *TCA 6-56-403*; and
- c. Compliance with the ethics requirements.

(3) Penalties for Violations

Ethics violations, once substantiated, can result in mandatory CPE penalty hours or revocation of the Certification, depending on the severity and number of violations. CPE penalties will require the individual to obtain general ethics training and will be assessed on a case-by-case basis, at the sole discretion of the Comptroller's Office.

G. Miscellaneous

(1) Loss of Exemption for CMFOA Category 2 individuals

CMFOA Category 2 individuals may lose their exempt status if they:

- a. fail to comply with the CPE requirements in *TCA* and these Policies and Procedures; or
- b. lose the certification under which they qualified for exemption.
- c. the certification under which they qualified for exemption is no longer in an active status
- d. fail to meet the requirements of a FOD