

# FI Community: PD Framework

Strengthening capacity to deliver effective financial stewardship

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## Introduction

The evolution of the role of the financial officer has been profound.

From stewards of the public purse to finance leaders; from perceived i-dotters and t-crossers to one of the faster growing professions with internationally recognized business practices and national accreditation, financial professionals are called upon, more and more, to be cross-functional business experts. Today, the finance profession is moving away from cash accounting to full accrual accounting. Finance work is increasingly analytical and strategic, requiring specialized expertise. Many more exciting developments are in the offing making finance a fascinating and challenging field.

The demands and challenges placed on the finance community are increasingly complex and require effective and creative solutions. To continue providing cross-functional leadership that transforms financial stewardship in the federal public service and make inroads within our organizations' executive tables, we must support and nurture finance professionals by investing in professional development.

The case for developing finance professionals is compelling. This framework articulates the business case for professional development for the finance community and includes proposed guidelines and recommendations on aligning training and development with organizational growth strategies.

Professional development is critical for advancing and enhancing sound financial management in the federal public service. Developing an effective framework for the FI Group is the responsibility of all stakeholders.

This document is our attempt to establish a foundation upon which we all can build.

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# Rationale for Professional Development

## A need to modernize and renew the workforce

As James Ralston, former Comptroller General of Canada, once put it: “Investing in people will help ensure the continued viability and strength of the comptrollership function in the federal government”.<sup>1</sup> Professionalism encompasses best practices and ethics and values that are the pillars of the finance community. Investing in the finance profession by supporting FI professional development does not just benefit employees; it benefits every department and the federal government as a whole.

Professional development increases productivity and efficiency through upgraded skills. More versatile employees are better equipped to adapt to changing and increasingly demanding work environments. It also encourages accountants to consider the Public Service as an employer of choice.

By providing financial officers with robust and individually targeted professional development we leverage their pre-existing talent and better prepare them and the finance community to meet emerging challenges.

It’s important to note that professional development is not limited to training; training relates to skills needed to perform one’s day-to-day job. Professional development relates to broader skills and competencies needed to help one advance one’s career and work more effectively in a range of roles.

The shifting role of the financial officer in the public service requires investment to enhance necessary soft skills such as leadership, communication and negotiation. These skills allow financial officers to function effectively within the CFO model.<sup>2</sup>

Fostering a culture that supports, encourages and invests in the development of its employees also increases morale, loyalty and engagement. The ability to develop one’s career is of fundamental importance and is a major reason people are attracted to and compelled to stay with an employer.

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<sup>1</sup>James Ralston, "Comptrollership Initiatives" (2013), FMI Journal, Vol 25. No.1 at p.22, online : [http://fmi-igf.ca/\\_ejournal/2013-11/en/#18](http://fmi-igf.ca/_ejournal/2013-11/en/#18).

<sup>2</sup>Speaking Notes for Charles-Antoine St-Jean at the FMI Capital Chapter, February 9, 2006, online : <http://www.tbs-sct.gc.ca/media/cgs-dcp/2006/0209-eng.asp>.

## The cost of not investing in professional development

As important as it is to consider the merits of professional development investments, it's equally important to look at the cost of not investing. Failure to adequately invest in the professional development of the FI Community leads to employee recruitment and retention challenges and operational inefficiencies.

### Recruitment and Retention challenges

Several departmental human resources plans have identified that retention and recruitment of the financial workforce is a corporate risk in terms of impact and probability.

For example, Correctional Services Canada (CSC) reported in *Financial Management Function: Human Resources Plan 2011-2014*<sup>3</sup> that recruitment and mobility remain key challenges faced by the FI Community: "CSC will not be able to continue to recruit, develop and retain an effective and representative workforce."<sup>4</sup> Mobility statistics released in February 2010 show the turnover rate for the FI Community sits at approximately 50 per cent.<sup>5</sup>

Canada Border Services Agency (CBSA) has described the shortage of skilled FIs as follows:

Increasing workload, changing and new work methods and technology, the labour market and national demographic realities are the principle reasons why there is a shortage of FI employees [...] It has become clear that the directorates' most critical challenge will be to recruit and retain the skilled FI workforce required to keep pace with change. This is further complicated by upcoming retirements that will cause loss of expertise, particularly at the senior levels.<sup>6</sup>

The Public Service Commission of Canada describes the FI Group as one with a high rate of intergovernmental movement.<sup>7</sup> FI movement between organizations more than doubled from 1997 to 2008 and is currently on the rise.<sup>8</sup> Over an 11-year-period between 1997 and 2008 the internal turnover rate in the FI group was 48 per cent, a rate considerably higher than overall federal public service rates fluctuating between 20 per cent and 40 per cent.

Through surveys and data analysis, the Commission speculates that the cause for such mobility is due to the introduction of the *Federal Accountability Act* and the increased demand for FIs. A combination of growth, high demand for FIs and a younger workforce has influenced movement in

<sup>3</sup> *Financial Management Function: Human Resources Plan 2011-2014*, 28 p.

<sup>4</sup> *Correctional Services Canada, Financial Management Function: Human Resources Plan 2011-2014*, at p.16.

<sup>5</sup> *Ibid.* at p.7.

<sup>6</sup> Canada Border Services Agency, *Financial Officer Human Resource Framework 2009-2012*, September 2011, at 24p.

<sup>7</sup> Public Service Commission of Canada, *Study on Mobility of Public Servants* (October 2008) at pp.21 and 22, online : <http://www.psc-cfp.gc.ca/adt-vrf/rprt/2008/mob/mob-eng.pdf>.

<sup>8</sup> Public Service Commission of Canada, *Study on Mobility of Public Servants* (October 2008) at pp.21 and 22, online: <http://www.psc-cfp.gc.ca/adt-vrf/rprt/2008/mob/mob-eng.pdf>.

the group. Although some mobility can be beneficial for the overall health of an organization, abnormally high internal employee mobility can lead to operational inefficiencies as staffing, training and backfilling costs are incurred. Further, high mobility is destabilizing and negative for employee morale.<sup>9</sup> Turnover depletes knowledge, disrupts operations and reduces the overall collective experience.<sup>10</sup>

The Public Service Labour Relations Board weighed in on these recruitment and retention challenges for the group in 2014 as part of an interest arbitration award:

[T]here is a qualified problem with respect to the issue of recruitment and retention...as more junior employees bid and obtain higher rated vacant positions, it appears that new blood generally enters the bargaining unit from the entry level, and hiring does not reflect the mid-career recruitment of seasoned qualified employees from the private sector. It is difficult to dismiss out of hand the argument of the Association that that fact reflects, to some degree, the lower level of attraction of employees from the private sector at the middle to higher ranges of positions in the bargaining unit, which would suggest that the wage rates for more experienced financial officers in the bargaining unit do not compare all that well to those of equivalent experience and qualifications in the private sector.<sup>11</sup>

Challenges in recruiting among the senior ranks of the financial management group are well known. In some situations, FIs are promoted to higher classification levels even though they lack the necessary experience and professional development.

The lack of adequate recruitment and retention of skilled FI professionals within the federal public service is likely to impede on the government's ability to achieve its business goals. Retaining and engaging skilled financial officers is crucial to the federal government's ability to administer sound financial oversight and effectively deliver on its programs.

As then Comptroller General of Canada, Charles-Antoine St-Jean stated:

Given projected retirement rates over the next few years, we'll have to do some serious recruiting to compensate for the expected attrition.

Within the financial community, we face a particular challenge when it comes to finding accountants. It's been described as a "war for talent." Accountants are in high demand as

<sup>9</sup> *Public Service Commission of Canada, Study on Mobility of Public Servants (October 2008) at p.3 (<http://www.psc-cfp.gc.ca/adl-vrf/rprt/2008/mob/mob-eng.pdf>).*

<sup>10</sup> John P. Hausknecht and Charlie O. Trevor, "Collective Turnover at the Group, Unit, and Organizational Levels: Evidence, Issues, and Implications", *Journal of Management*, Vol. 37 No. 1, January 2011, at pp.352-388, Online: [http://www.researchgate.net/publication/234021587\\_Collective\\_Turnover\\_at\\_the\\_Group\\_Unit\\_and\\_Organizational\\_Level\\_s\\_Evidence\\_Issues\\_and\\_Implications](http://www.researchgate.net/publication/234021587_Collective_Turnover_at_the_Group_Unit_and_Organizational_Level_s_Evidence_Issues_and_Implications).

<sup>11</sup> Para 12 of the 2014 Award, Docket no. 585-02-49.

private and public sector scandals in North America have led to more oversight, new rules and increased complexity in financial management practices.

If we can't offer the salaries that the private sector can, we need to make sure that we offer something comparable in terms of security, benefits, professional development and career advancement.<sup>12</sup>

### **Operational inefficiencies**

Lack of investment in professional development also impacts the health of the overall government financial system.

Through *CFOB Integrated Business Plan 2010-2013*<sup>13</sup>, Human Resources and Skills Development Canada has identified the need to renew skills and capacity of the finance community:

The combination of retirements, part and pending, and high-mobility rate within the Financial Management (FI) Community, is challenging the Branch's capacity to retain the necessary competencies in the area of financial resource management and also in other key areas such as procurement. The Department is building the capacity to support the more diverse role expected in service delivery and the stewardship associated with the Accounting Office role.<sup>14</sup>

The risks are exacerbated by an inconsistent approach to professional development between departments and "slippage" in previously-recognized practices:

- Budgetary cutbacks have reduced the participation of FIs in professional development events.
- Professional development budget allotments are not fixed and vary greatly between departments.

The operational need to invest in professional development was a key consideration in the 2007 Report of the Senior Committee on the Review of the Financial Management Framework of the Government of Canada: "...the provision of new resources to cover implementation, including additional skilled personnel and new business processes, [is] essential..."<sup>15</sup>

<sup>12</sup> Speaking Notes for Charles-Antoine St-Jean at the International Consortium on Governmental Financial Management, May 9, 2006, online: <http://www.tbs-sct.gc.ca/media/cgs-dcp/2006/0509-eng.asp>

<sup>13</sup> Human Resources and Skills Development Canada, *CFOB Integrated Business Plan 2010-2013* at p.17.

<sup>14</sup> *Ibid.*, at p.29.

<sup>15</sup> *Report of the Senior Committee on the Review of the Financial Management Framework of the Government of Canada*, 21 Mar 07, page 17 cited in DCFO Council, *Reporting Burden Working Group Position Paper: Addressing the External Reporting Burden*, Draft Report, June 18, 2012 at p. 4.

Overall, investing in professional development leads to ethical standards, minimizing mistakes, continuous improvement and delivering value. Professional development is essential to enhancing the qualifications and expertise of the finance community.

### **Employees value professional development**

The January 2011 *Checks & Balances: Engaging & Retaining Public Service Financial Officers*<sup>16</sup> study uncovered a state of general malaise among financial officers in part because of the need for more professional development. In the study, employees reported feeling there was limited funding and support for training and career development opportunities. Employees stated that requests for language training and financial support for designations are frequently denied, yet these competencies are often required for career advancement. The *2014 Public Service Employee Survey*<sup>17</sup> also reveals a need for improving professional development opportunities and better equip financial officers to do their job.

Employees place significant value on professional development because professional designations and language training increase their skill level, job satisfaction, career development opportunities and the government's capacity to deliver financial oversight.

### **Corporate memory is retiring**

We simply can't replace experience and knowledge with a briefing note. Learning the business; understanding the organization and its people; and developing financial expertise takes time.<sup>18</sup>

There is a need to prepare the young FI Community to assume senior roles. In the *Integrated Business Plan 2011-2012*, Natural Resources Canada noted the challenge of recruiting highly skilled financial professionals:

[...] attracting and retaining highly skilled employees in a timely manner will be a challenge due to anticipated retirements and the high level of specialization in certain fields.<sup>19</sup>

For experienced professionals, reflective learning captures departmental corporate memory. As a profession, it is essential to retrofit the next generation of finance leaders with globally benchmarked skills, practice and standards through professional development.

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<sup>16</sup> This report was developed as an independent study conducted for ACFO by Val Kinjerski, PhD at Kaizen Solutions for Human Services.

<sup>17</sup><https://www.tbs-sct.gc.ca/pses-saff/2014/results-resultats/bq-pq/index-eng.aspx>

<sup>18</sup> Is Deputy "Churn" Myth or Reality? Study of Deputy Minister Turnover, and the Relationship Between Workforce Mobility and Continuity in the Public Service, November 2007, André Côté and Alyx Holland, *Public Policy Forum*.

<sup>19</sup>Natural Resources Canada, *Integrated Business Plan 2011-2012* at p.59.

## Why the best time for professional development is now

There is growing interest in most departments in implementing more strategic financial management to meet budget pressures and cost savings.<sup>20</sup> These resource constraints require more agile financial management, an increased focus on how funds are spent and how changes can be made to meet funding reductions. As Gillian Fawcett, Head of Public Sector for the Association of Chartered Certified Accountants (ACCA) put it: “inadequate skills as well as a lack of resource for strategic finance”<sup>21</sup> are a barrier.

Further, “there is much more to be done in equipping financial managers with formal strategic management skills and experience so as to strengthen leaders across organization and this should include increased priority on attracting and developing innovative leaders at all levels across the public service”.<sup>22</sup> Equipping the finance community with the skills necessary to deal with emerging issues is the solution to ensuring strong financial stewardship.

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<sup>20</sup>Is the Public Service Bereft of Strategic Financial Leadership? FMI Journal, autumn 2013, Vol 25. No.1, Gillian Fawcett. [http://fmi-igf.ca/\\_ejournal/2013-11/en/#9/z](http://fmi-igf.ca/_ejournal/2013-11/en/#9/z)

<sup>21</sup>Is the Public Service Bereft of Strategic Financial Leadership? FMI Journal, autumn 2013, Vol 25. No.1, Gillian Fawcett. [http://fmi-igf.ca/\\_ejournal/2013-11/en/#9/z](http://fmi-igf.ca/_ejournal/2013-11/en/#9/z)

<sup>22</sup>Is the Public Service Bereft of Strategic Financial Leadership? FMI Journal, Autumn 2013, Vol 25. No.1, Gillian Fawcett. [http://fmi-igf.ca/\\_ejournal/2013-11/en/#9/z](http://fmi-igf.ca/_ejournal/2013-11/en/#9/z)

# Implementation Strategy

## Recommendation 1: Mandatory learning plans and funding

All Financial Officers should have a strategic and realistic learning plan in place. These plans should be reviewed and updated annually as part of the performance review process and in accordance with the *Directive on Performance Management*.<sup>23</sup>

A learning and development plan is an agreement between the employee and his or her supervisor that enables the employee to develop the competency proficiency needed to meet the requirements of his or her position or to advance his or her career by preparing for a future position. The plan allows individuals to reflect on their current situation and potential career aspirations and to explore various available learning and developmental opportunities.

Learning constitutes formal courses, on-the-job training, developmental assignments, networking meetings and any activity where skills and knowledge are improved.

Individuals should use their departmental learning plan templates for this exercise but it is vital that these learning plans be closely aligned with the competency profiles developed by the Office of the Comptroller General found in *Talent Management for the Finance Community - Employee Guide to Competency-Based Management*.<sup>24</sup>

We propose that all Financial Officers have access to a minimum of \$2,000 or 5 days set aside annually to fund their learning plans. Making such an investment in employees allows them to be more efficient in their current positions while also supporting their career development for future positions within the branch or the broader public service.

This amount would act as a minimum guideline only and could be increased at a manager's discretion and upon availability of funding depending on the needs of specific employees and the training required. It's also recommended that the funding and learning plan:

- be flexible, support and encourage employees to explore other forms of employee training and development that would be beneficial to their career development that come at no cost (e.g., mentoring/coaching; job shadowing opportunities, networking etc.);
- be completed early in the year and included as part of employee Performance Agreements;
- allow for employees to register for courses as early as possible so as to ensure training commitments are realised and the use of existing training funding optimized.

<sup>23</sup><http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=27146>

<sup>24</sup><http://www.tbs-sct.gc.ca/fm-gf/tools-outils/guides/tm-gdt/tm-gdttb-eng.asp>

## **Recommendation 2: Rotations**

The ability to develop a breadth of skills and experience is vital for cultivating well rounded employees. For this reason, it's critical that support be given to employees to work in other directorates of their branch or in other departments on a virtual or assignment basis. It is also critical that employees be given the opportunity to experience regional and national functions and perspectives.

The intent is to provide employees with opportunities to increase their breadth of experience in other areas or in performing regional or national functions. As a general rule, when it is practical and beneficial to do so, managers will be encouraged to solicit interest and consider employees working in other directorates of the branch when staffing positions on a temporary basis. Depending on the level of the position being staffed, this could also include virtual working relationships.

Virtual working relationships are an increasingly valuable tool for providing exposure to employees to a broader and deeper range of experiences at a low or minimal cost. It allows for cross-pollination of skills and experiences which will benefit the entire community.

Employees wishing to take an assignment to acquire experience in another area will be encouraged to identify this as part of their career development aspirations included in their Performance Agreement. Managers must do their best to try to accommodate the employee's request for a rotational assignment.

Human resource professionals within departments should be identified to coordinate interdepartmental rotational or virtual assignments to assist in the mobility of participants.

## **Recommendation 3: Mentorship**

Mentoring is most often defined as a professional relationship in which an experienced person (the mentor) assists another (the mentee) in developing specific skills and knowledge that will enhance the less-experienced person's professional and personal growth.

Given the unique nature of the work performed by Financial Officers, a mentorship program would allow newer employees to learn from more experienced employees, helping the coveted younger generation of workers better visualize their own career paths in the public service. The transfer of skills is not limited to one direction, however. Mentors can also benefit from the perspective and enthusiasm of their mentees.

Mentorship need not be strictly interpreted as a one on one relationship. Employees can benefit from the experiences of other employees from all levels of their career. Shared communities of interest should be encouraged.

Job shadowing is a form of mentorship that assists career development and allows employees learn new aspects related to the job, organization, or competencies by giving them access to senior employees in leadership positions. Job shadowing helps with the transmission of knowledge and expertise, which is a benefit to both the employees and organizations. Job shadowing also benefits the organization by ensuring that valuable skills are not lost and by helping to build future leaders.

Mentorship should also be incentivized, in part by forming part of an employee's learning plan and performance agreement.

Given the Office of the Comptroller General's (OCG) mandate for fostering and developing the FI Community, our recommendation is that the OCG operate an FI Mentorship Program in collaboration with the Association of Canadian Financial Officers.

### **Recommendation 4: Leave with pay for study time**

As the work and responsibilities of FIs have expanded over the years, the educational qualifications required of members of the financial management group go beyond the minimum requirements stipulated in the FI Qualification Standards.<sup>25</sup> Professional accounting designations and/or master's degrees are often mandatory qualifications needed for promotion to more senior FI levels in the federal public service.

All Financial Officers should be afforded paid study time (leave) for the purpose of taking professional exams for professional designations. This leave should mirror OCG requirements for participants in the FORD training program but it should more broadly apply to any financial officer pursuing a professional designation.

Employees should be granted two days of leave for each of the six Chartered Professional Accountants (CPA) modules. Additionally, five days of leave in preparation for the final exam would allow financial officers the study time needed to prepare for CPA testing.

### **Recommendation 5: Leave with pay for annual events**

The opportunity to come together as a community for the purposes of learning and networking is a valuable one. The formal presentation of new trends and best practices combined with the informal opportunities to share experiences and grow one's own professional network are of a major benefit both to the individuals involved and to the broader community.

Given that few such opportunities exist, it is vital that departments support and encourage those that do. As such, any Financial Officers who wish to attend the annual Financial Management Institute of

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<sup>25</sup> In practice, members of the financial management group hold qualifications in excess of the minimum standards. In 2009, 95 per cent of FIs between the ages of 25 and 29 held at least a bachelor's degree. Over 90 per cent of candidates for the Financial Officer Recruitment and Development (FORD) program – which recruits post-secondary graduates into FI-1 positions – held accounting designations.

Canada (FMI), Professional Development Week in Ottawa, FMI Public Sector Management Workshops (or similar regional workshops) or ACFO's own Spring Tune Up professional development workshop should be granted paid leave to do so as part of their learning plan. Attendance at these events should be considered as employer requested, given that the employer and the community benefit from the experiences gained during this training.

Furthermore, this support should be extended to all financial officers regardless of whether they hold a designation and irrespective of geographic location.

## Conclusion

As the role of a financial officer continues to evolve and expand into that of a cross-functional business expert, the financial community is increasingly being called upon to bring augmented technical knowledge, leadership skills, as well as analytical and creative thinking to their work. As this report has demonstrated, a robust professional development framework will be required to support them in continuing to provide the high quality of service on which the Canadian public has come to rely.

In formulating these recommendations, the Association of Canadian Financial Officers has drawn on reports and testimony from a wide range of experts and officials, as well as our unique insights into the requirements and strengths of financial officers.

Developing and implementing a professional development framework is clearly in the best interests of all stakeholders. Providing FIs with professional development opportunities that enhance their skills and further their career goals will allow the public service to continue to attract and retain the highest quality employee and to maintain an efficient, effective workforce. Furthermore, ongoing professional development will help prepare the next generation of financial leaders to ensure smooth, steady financial stewardship going forward.

This report represents the Association's deep commitment to the financial community and our knowledge of their commitment to the health and sustainability of the Canadian federal public service now and in the years to come.