



## Emerging Issues Taskforce

**Issue Number:** 15-03

**Date Posted:** July 6, 2015

**Issue Short Heading:** The Financially Resilient Government

**Issue Category:**

- Membership issue
- Government (Provincial)
- Government (Federal)
- PSAB
- Other

**Issue Description:** GFOA International is currently focusing on the Financially Resilient Government and there are good lessons to be learned on how municipalities can build this resiliency into their organizations.

**Issue commentary/research:**

GFOA International President Bob Eichem recently spoke at the GFOA Annual International Conference about the Characteristics of a Resilient Government. (a link to presentation is attached) He shared some of the characteristics:

- 1) They accept uncertainty and embrace change
- 2) They build systems that can withstand shock and stresses
- 3) They think broadly about what influences their financial health
- 4) They evolve to adapt to new conditions and foster collaboration between finance officials and non-finance officials.

GFOA International established a taskforce which is helping define and document resilience in government organizations. The taskforce is at the leading edge of how we should do our work as finance officers in today's world of never-ending uncertainty and fiscal challenges. GFOA International has partnered with Rockefeller Foundation who has devoted \$100 million to advancing local government resiliency. Attached is some work the foundation has done to define the City Resilience Framework. It demonstrates four essential dimensions of urban resilience each with three drivers which reflect actions cities can take to improve their resilience.

Some of the initial research on resiliency is being shared through various means. I have attached the Bob Eichem GFOA International presentation "The Resilient

**Government” for your information. There is a section in the presentation by Mike Bailey which talks about the traditional role of the finance officer and the new role which is Enabler, Coach and Organization Leader. There is much said about building the collaborative culture especially with Council.**

**The latest issue (April 2015) of the Government Finance Review also has a common theme of “Building a Financially Resilient Government”.**

**We can see in Alberta alone that we have had to deal with the forces of nature in floods and fires as well as economic challenges like the low oil prices and the ultimate impact on provincial and municipal budgets. Downloading has also been a fiscal challenge.**

**Other forces are also challenging municipalities to react to the forces of change. I want to step back to an excellent article written by S. Kavanagh, senior manager of research for GFOA International in April 2011. It was called “A 12-Step Process to Financial Recovery”. We may not find ourselves in the state of distress mentioned in the article but there are important points raised about the major categories of long-term treatments to health. These points include enhanced planning, improved efficiency, reform of budget process, containing personnel costs, becoming more innovative etc. Long-Term Financial Planning is also described which focuses on long-term financial condition and issues. I have included an attachment to this document with this article.**

**Now to the point of building resiliency in your organization I have attached a couple of articles from the Government Finance Review (April 2015). One is “Embracing Uncertainty and Change” which focuses on Boulder Colorado’s work on resilience which has led to better decision making, and provided new ways for the city to analyze the decisions that are made.**

**Another article is called “Guiding Principles for Financial Resiliency.” This article demonstrates a framework for implementing financial sustainability. There is an excellent table that outlines the Strategic Goal: Financially Sustainable County Government and links this to Principles and Policy Objectives. A key concept in this table is that of a Long-Run View which in the policy objectives includes developing and maintaining a long-term financial plan. I encourage you to view the other articles as well.**

**In Strathcona County (SC) as well as many municipalities there is a concerted effort to clearly define the Strategic Goals which Council identifies and prioritizes and these become the guiding principles for the organization. The first Council priority at SC is “Strategically manage, invest and plan for sustainable municipal infrastructure.” This links in closely to Financial Sustainability that we have been talking about. It is important that municipalities build a trusting relationship with Council to jointly become more resilient and have a longer term view.**

**Keep an eye on the GFOA and take a peek at the Government Finance Review’s other articles for the theme of Financial Resiliency.**

June 4, 2015

**Attachments/Links:**

1. **GFOA presentation:** <http://gfoa.org/resilient-government>
2. Rockefeller attachment <http://www.100resilientcities.org/resilience#/-/>
3. <http://www.gfoa.org/12-step-process-financial-recovery-guide-gfoas-new-online-resource>
4. <http://gfoa.org/embracing-uncertainty-and-change>
5. <http://gfoa.org/guiding-principles-financial-resiliency>

**Authored and prepared by:  
Jules Tailleir  
Emerging Issues Task Force**