



The 10th Annual Local Government Survey

May 2021

The Results Are In...

Cherry Bekaert is pleased to present the results of our 10th Annual State and Local Government Benchmarking Survey. Based on responses from government participants, this report provides insight into how government entities are responding or planning to respond to a wide range of issues from workforce and benefits, to use of technology, to debt structure, COVID-19 and more, plus some highlighted year-over-year trends.

Both challenges and opportunities were created by COVID-19, including fiscal pressures that created the need for local governments to step up mitigation of risks around workforce, cybersecurity and other areas.





Overview of Survey Results

- ▶ Workforce and Benefits
- ▶ Use of Technology
- ▶ Budget
- ▶ Whirlwinds of COVID-19
- ▶ Financial Reporting
- ▶ Risk Assessment and the Audit Process
- ▶ Data & Dollars



Survey Highlights

- ▶ **Workforce and Benefits** – While a competitive salary was identified as the most significant barrier to recruiting and retaining talent, it appears that organizations are attempting to respond to this concern. Our survey shows over 80% of participants anticipate that salaries will increase this coming budget cycle versus last year.
- ▶ **Use of Technology** - Although 82% of respondents believe the increased use of technology will be necessary to keep costs under control, 51% of the respondents still require paper based or manual steps for most internal administrative processes.
- ▶ **Budget** – While insufficient budget or funding was identified as the main barrier to implementing new technology, respondents are almost twice as concerned about having enough budgeted funding for the replacement of aging infrastructure.
- ▶ **Whirlwinds of COVID-19** – It appears that most organizations will continue to allow teleworking even after the pandemic is over, providing employees with greater flexibility, even in government entities.
- ▶ **Financial Reporting** - While the adoption of the lease standard is required for fiscal years beginning after June 15, 2021, 74% of respondents have not started or have only just begun the implementation process of GASB 87.
- ▶ **Risk Assessment and the Audit Process** – Over the past five years, most fraudulent events were identified through the internal audit function.
- ▶ **Data & Dollars** – The cryptocurrency market is predicted to witness a significant growth of nearly 30% between 2021 - 2026.¹ However, none of our survey respondents are currently using cryptocurrency, with only a few considering utilizing it in the near future.

¹ Globe Newswire, Feb. 23, 2021



Learning Objectives

Understand current management trends for local government entities

Gain insight into the current areas of concern shared by government finance professionals

Gain an understanding of what finance professionals believe the future holds for government financial management

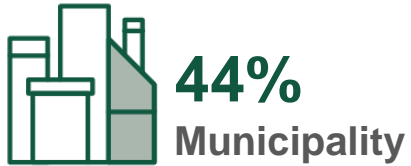
Assess data for internal benchmarking and budgeting



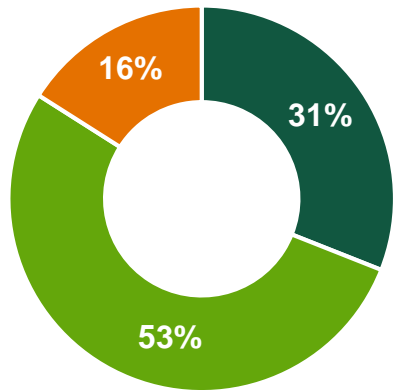
Participant Data



Participant Data

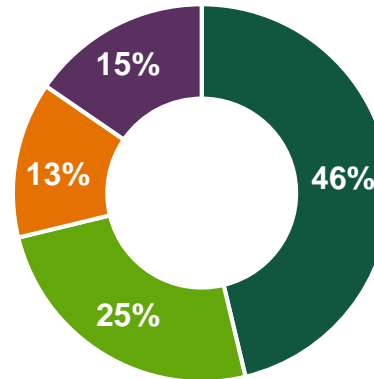


Participant Titles



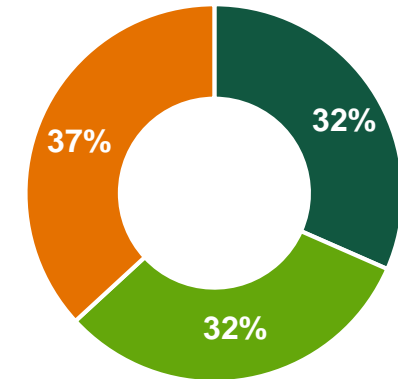
- CFO/Director of Finance
- Controller, Accting & Finance Mgr.
- Other

Number of Employees



- 0 – 500
- 501 – 2,500
- 2,501 – 5,000
- >5,000

Size By Revenue



- <50 million
- >50-250 million
- >250 million

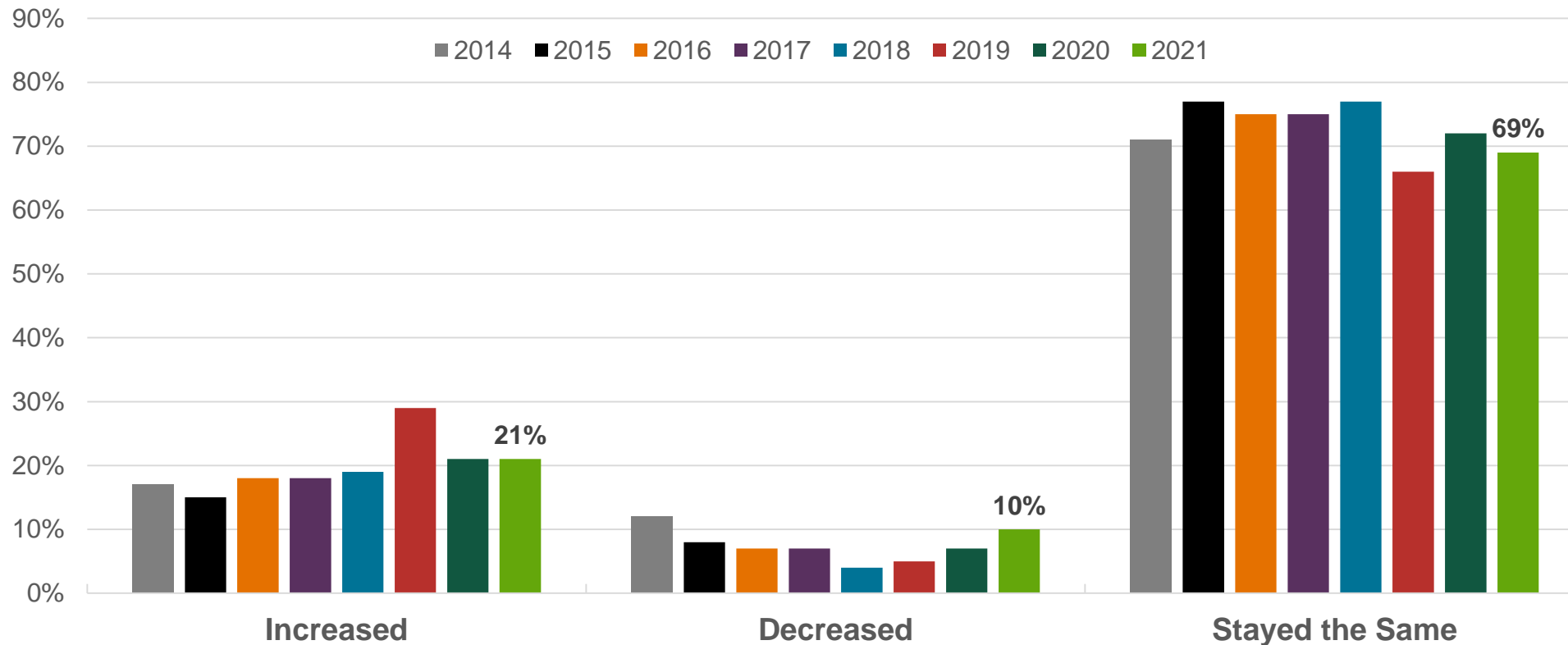


Workforce & Benefits



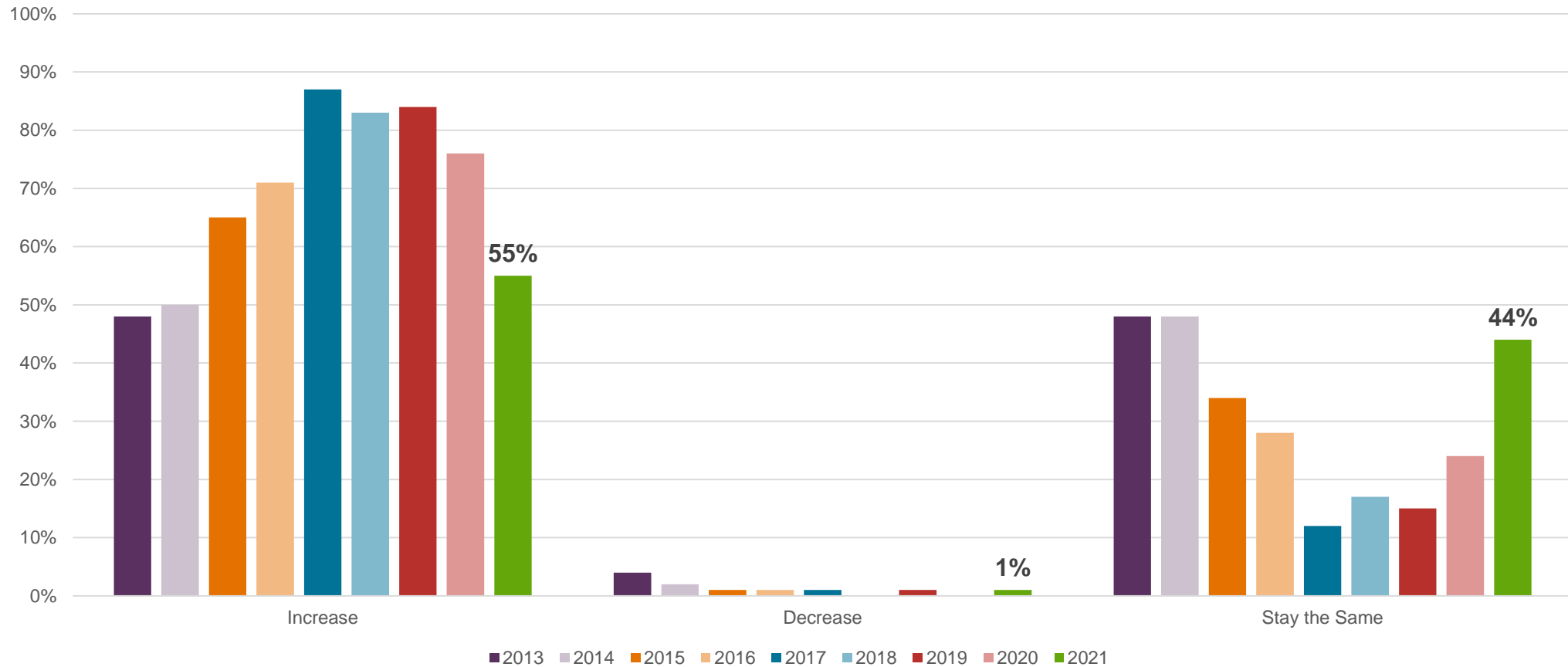
Workforce & Benefits

How has your staffing level for financial and accounting positions changed in the last budget cycle?



Workforce & Benefits

How have salaries throughout the entity changed over the past year?

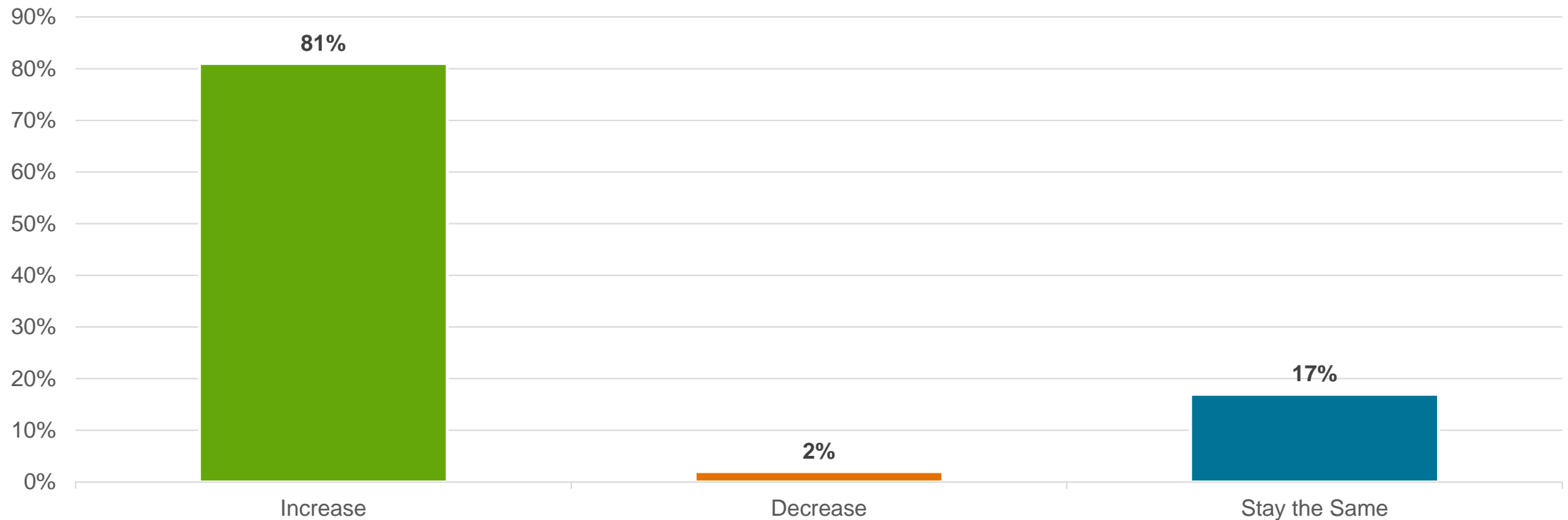


Our survey shows more salaries stayed the same this past year versus a higher increase in salaries the previous year.



Workforce & Benefits

In the next budget cycle, how do you anticipate salaries will change?

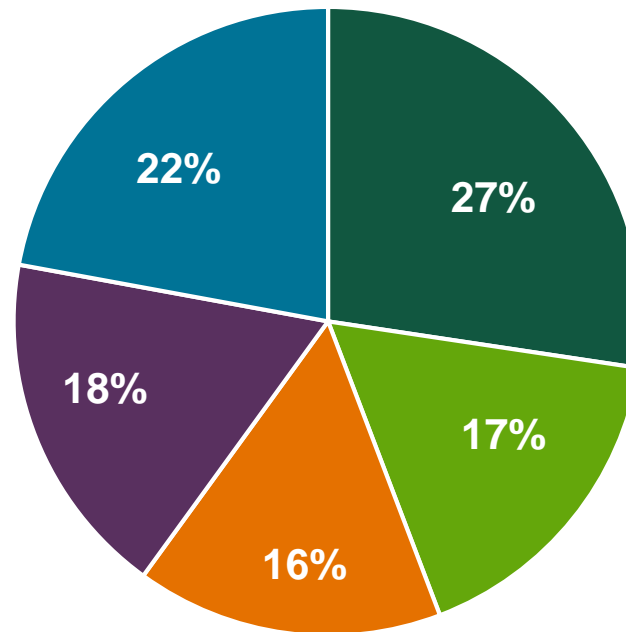


Our survey shows more salaries will increase this coming budget cycle versus last year where more were predicated to stay the same.



Workforce & Benefits

Over the next three years, what is your expected turnover (including retirement) of finance and accounting staff?

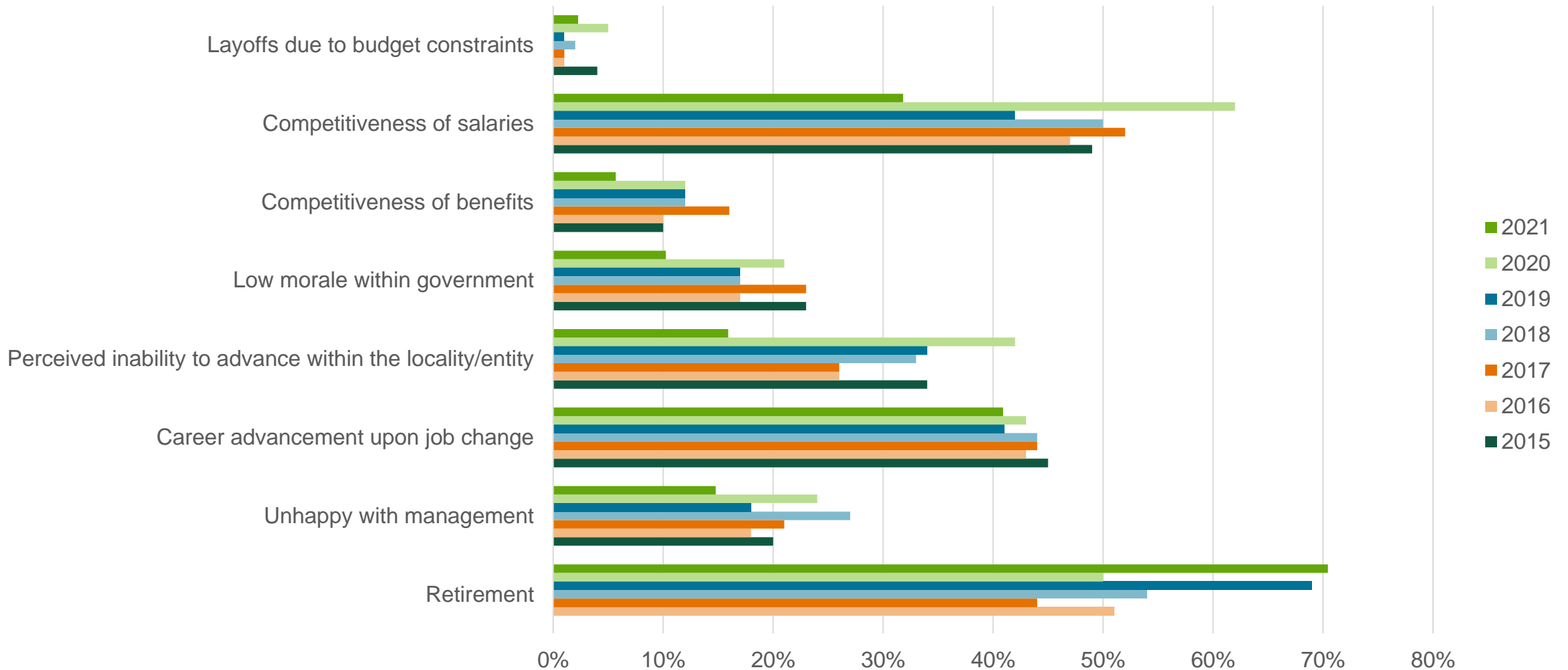


■ 1-3% ■ 4-8% ■ 9-14% ■ 15% or more ■ We don't expect any turnover



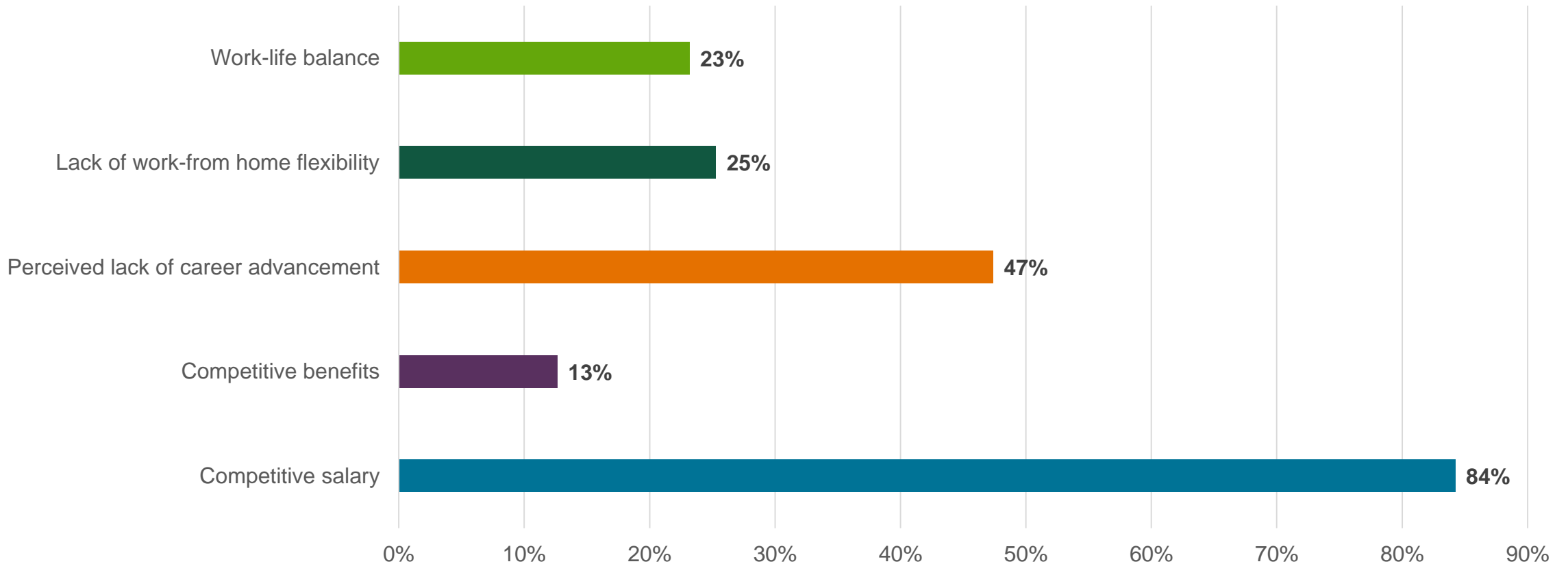
Workforce & Benefits

What do you believe were the contributing factors to the turnover? *Check all that apply.*



Workforce & Benefits

What do you believe are the most significant barriers to recruiting and retaining talent? *Check all that apply.*



Workforce & Benefits

Has your entity implemented measures to help reduce healthcare costs?

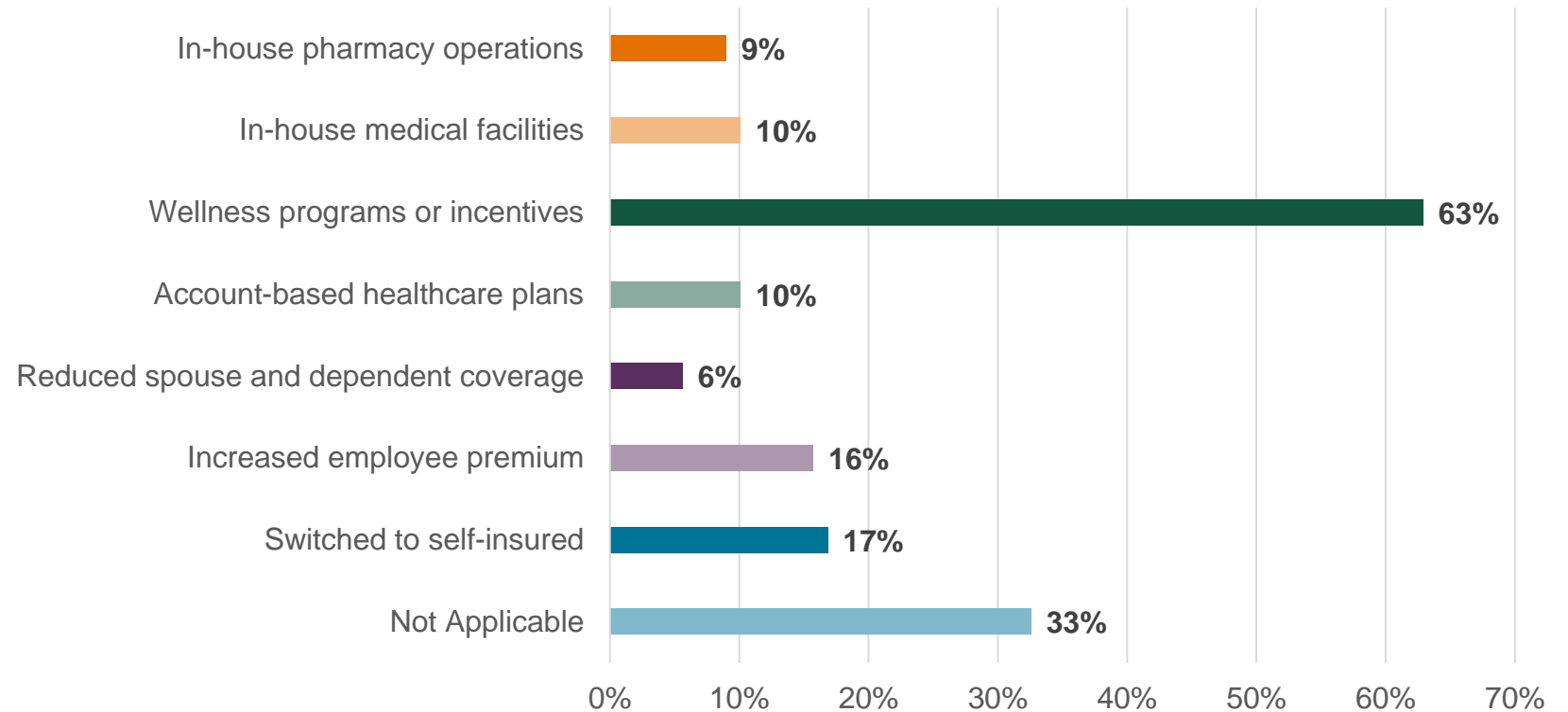


67% Yes



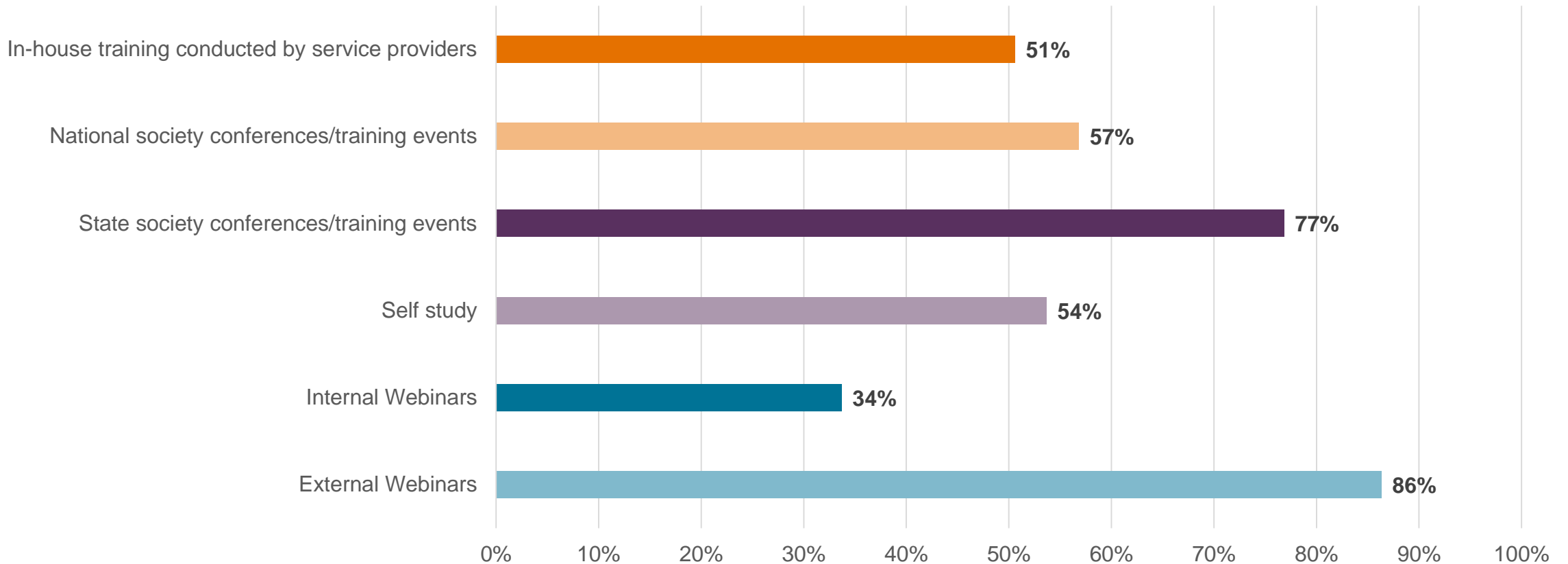
33% No

If Yes: Which of the following measures has your entity implemented that have reduced healthcare costs? *Check all that apply.*



Workforce & Benefits

How does your entity provide annual professional continuing education and training for its employees? *Check all that apply.*

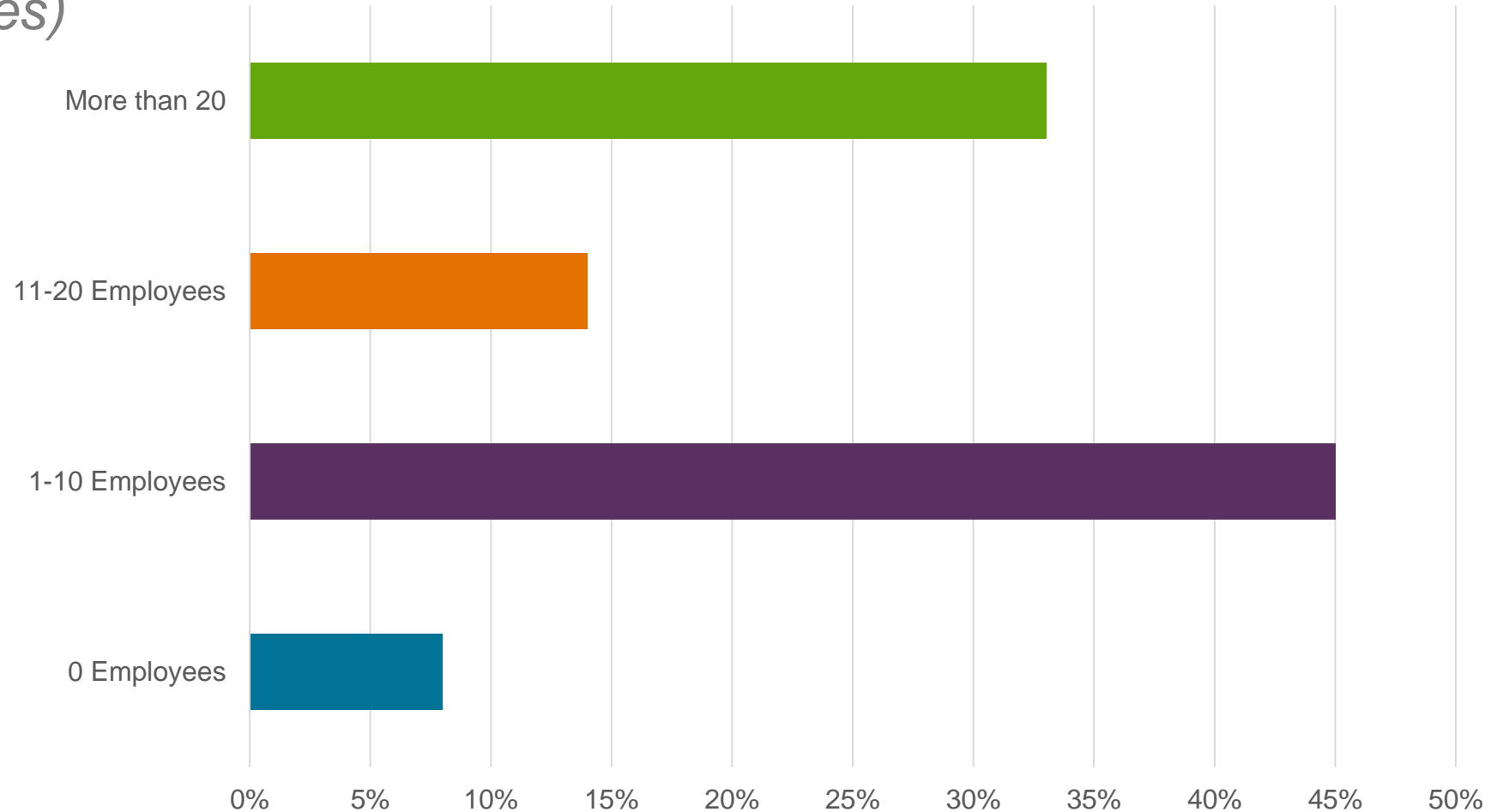


Use of Technology



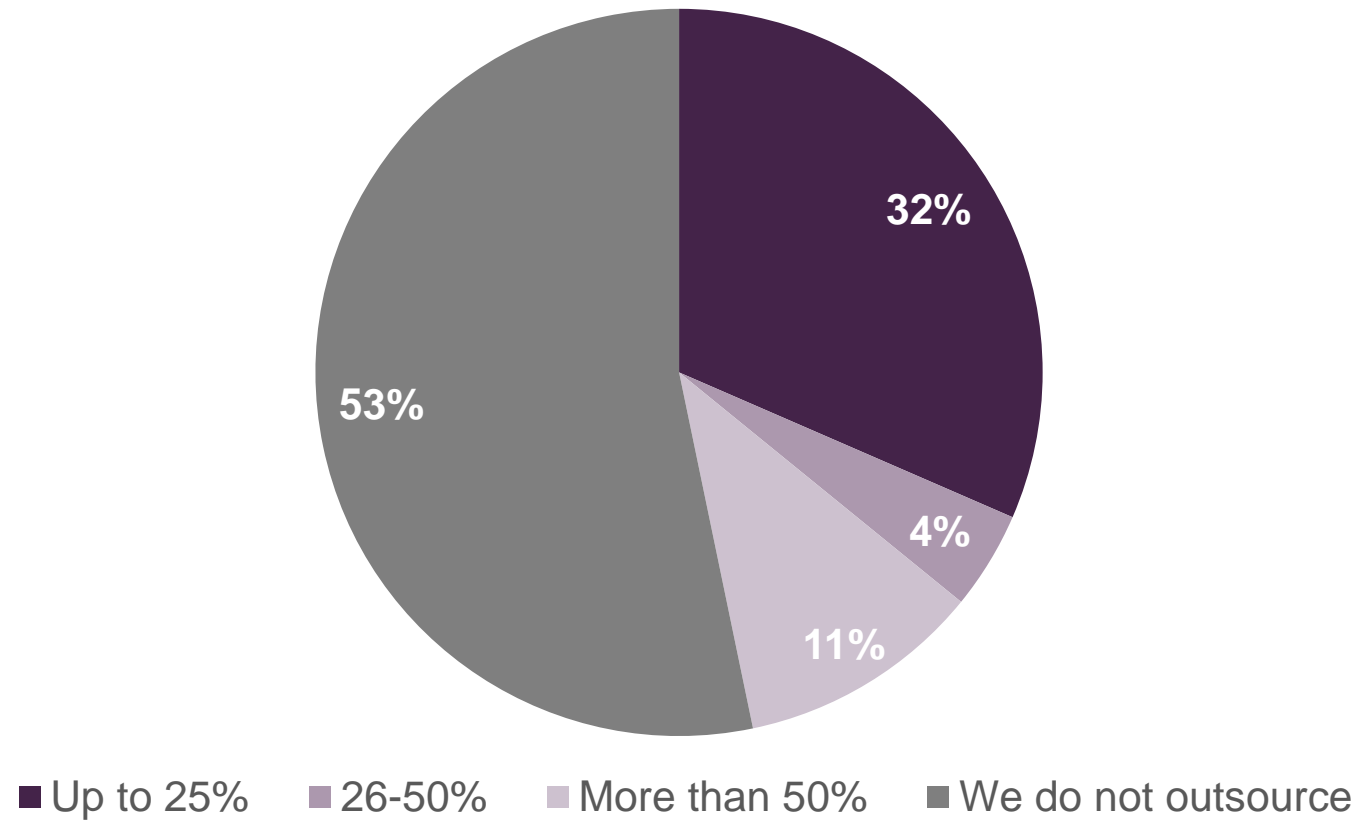
Use of Technology

How many IT-related full-time employees does your entity have? *(By number of employees)*



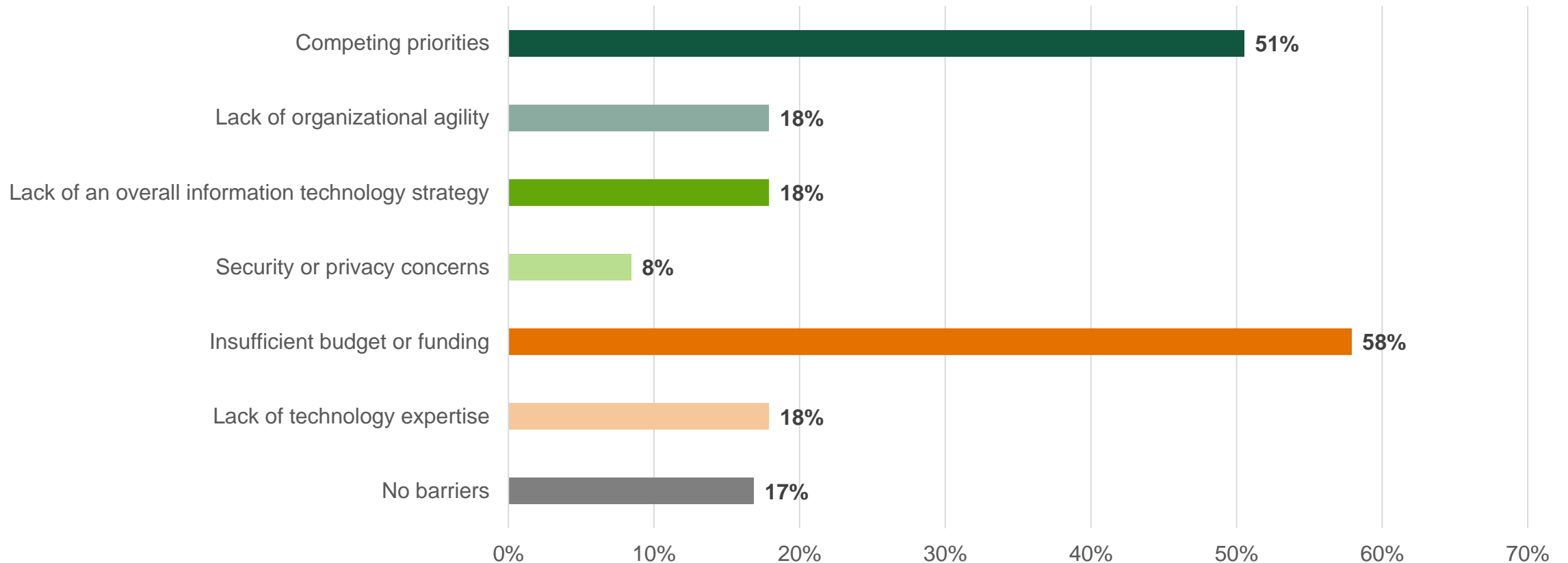
Use of Technology

What percentage of your IT staff is outsourced?



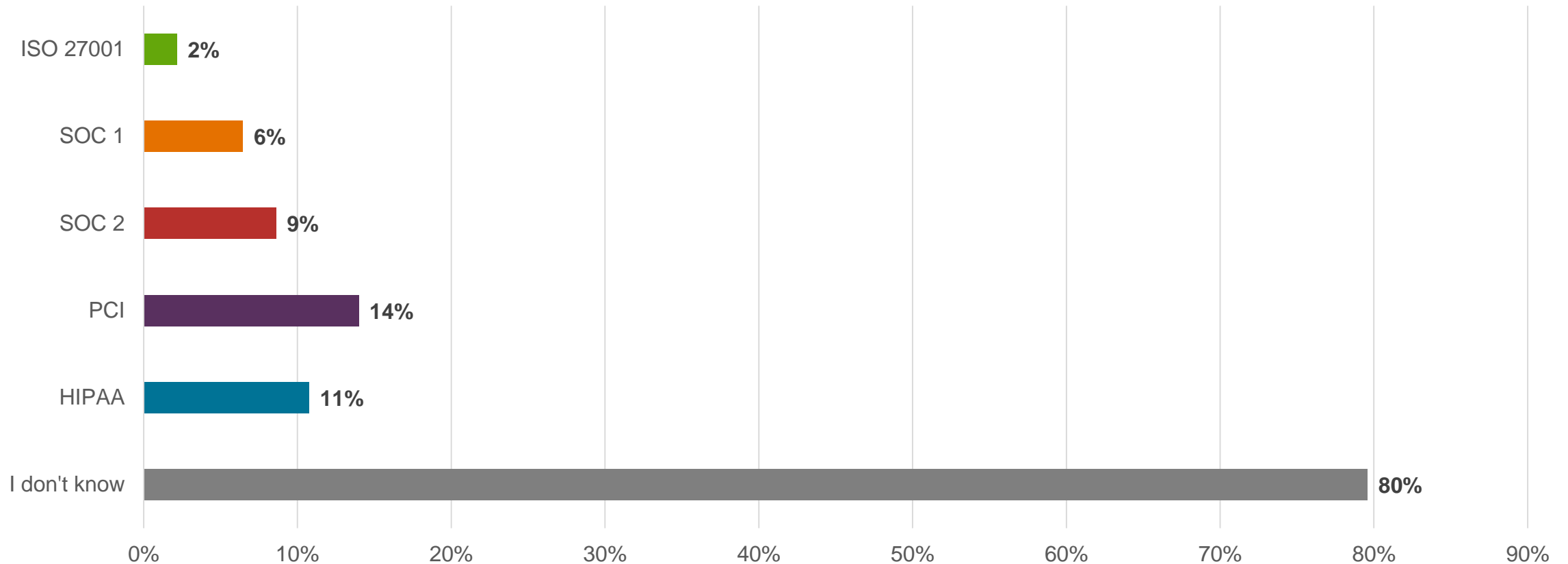
Use of Technology

What is your main barrier to implementing new technology? *Check all that apply.*



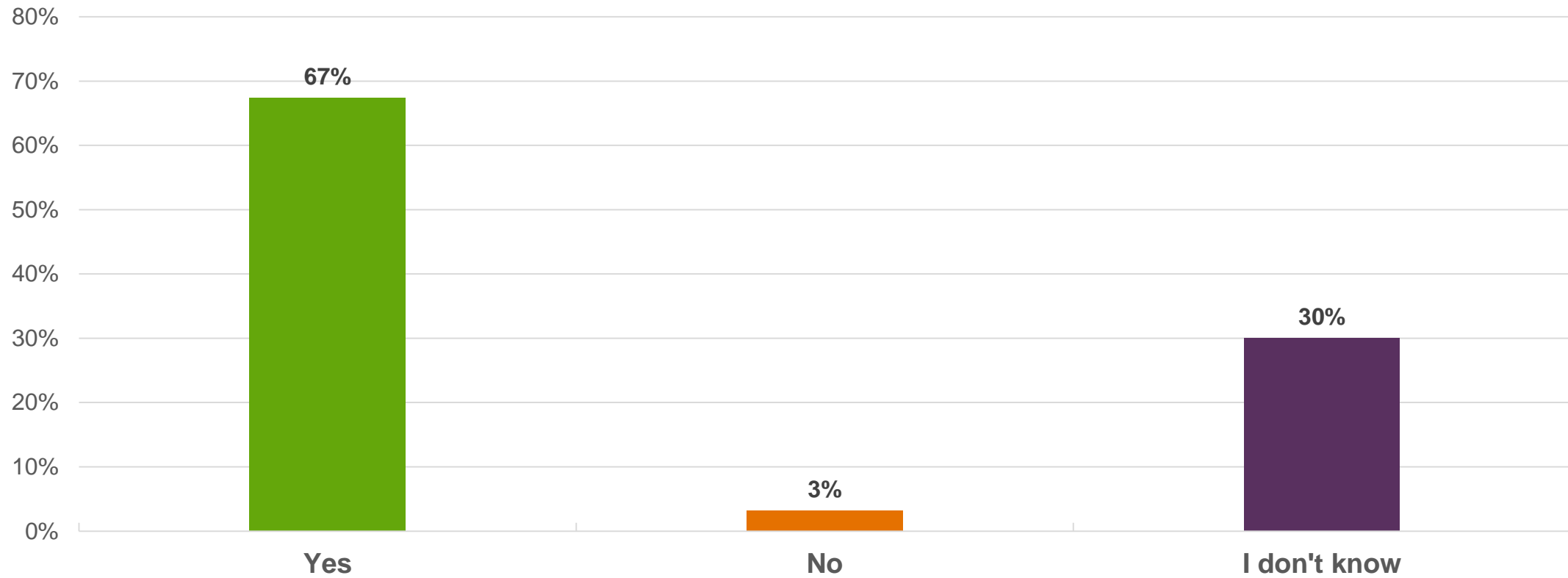
Use of Technology

My organization currently receives IT certifications and/or attestations at least annually.
Check all that apply.



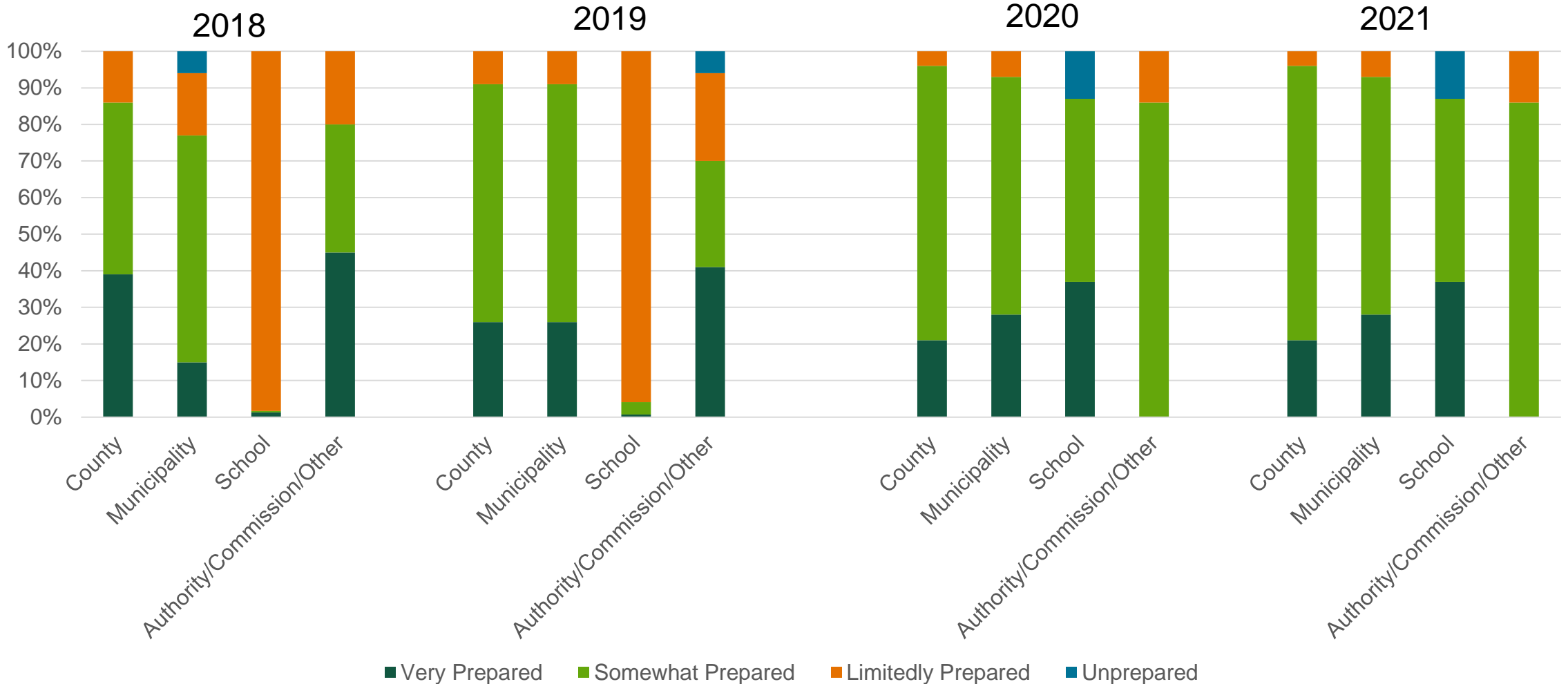
Use of Technology

My organization maintains current cyber liability insurance.



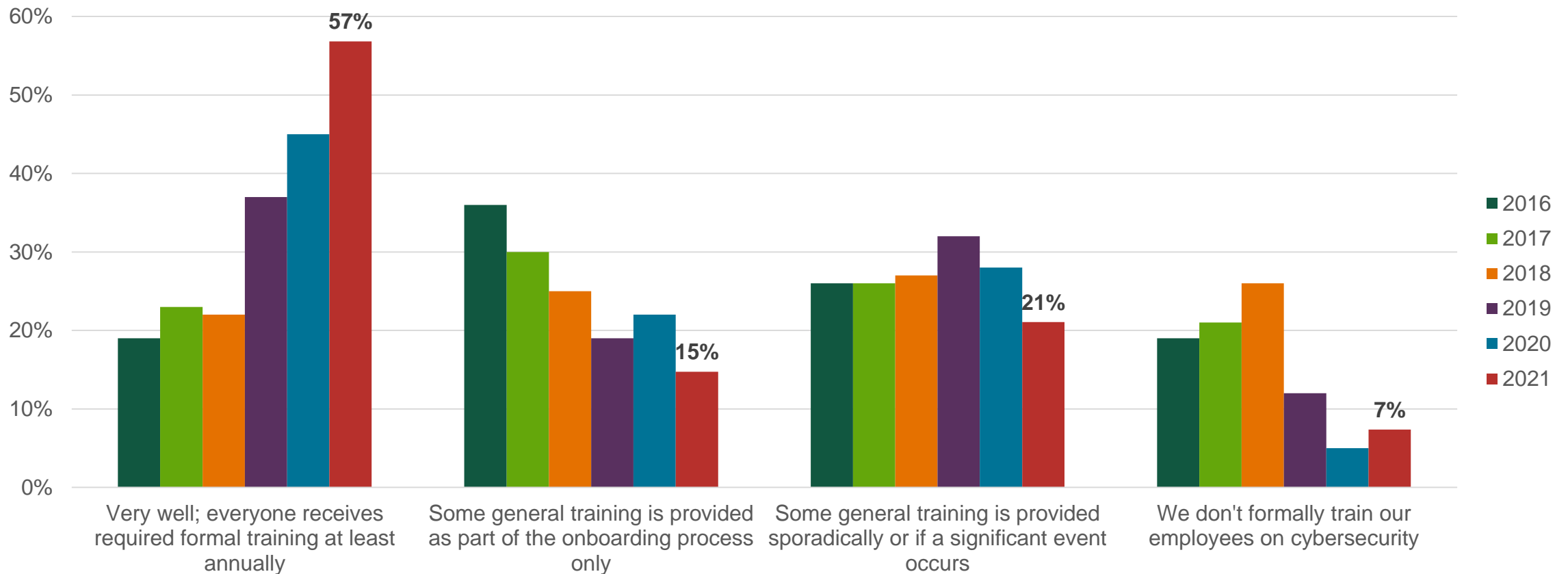
Use of Technology

How would you rate your organization's preparedness for a cyber-attack?



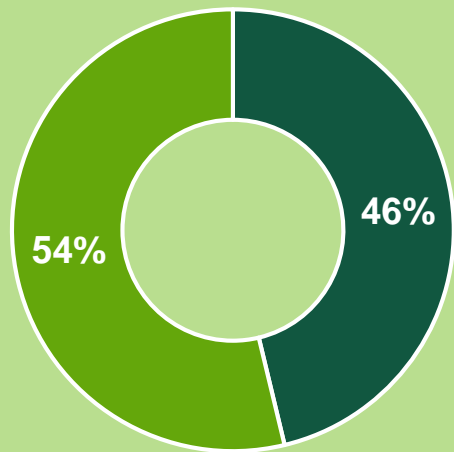
Use of Technology

How well are your employees trained on the importance of cybersecurity?



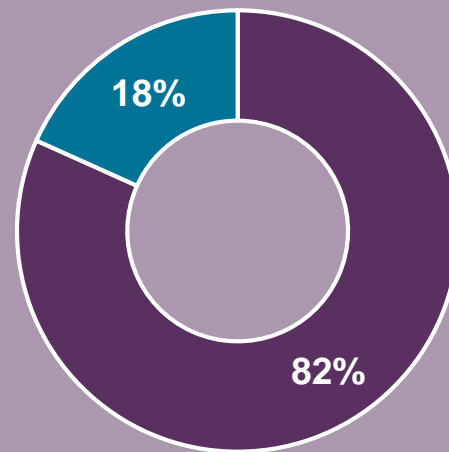
Use of Technology

Does your entity have a Chief Data Officer or equivalent?



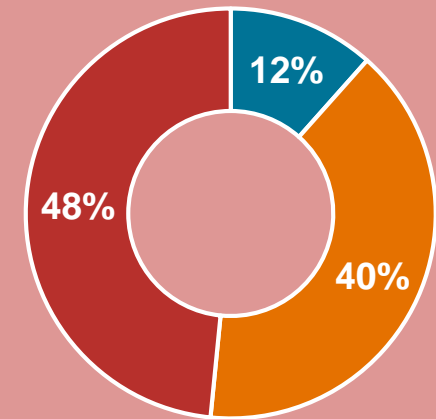
■ Yes ■ No

Do you believe the increased use of technology will be necessary to keep costs under control?



■ Yes ■ No

Does your organization utilize a Governance, Risk and Compliance (GRC) application to manage and maintain your internal controls or compliance requirements?

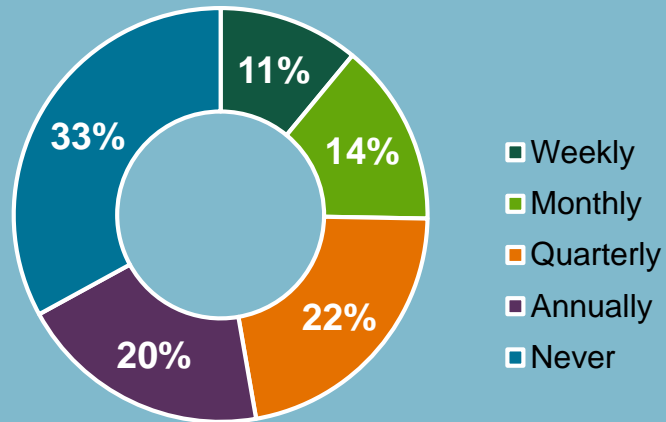


■ Yes ■ No ■ I don't know

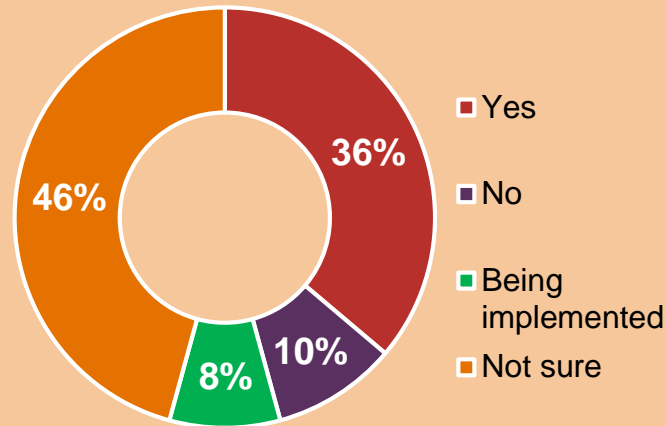


Use of Technology

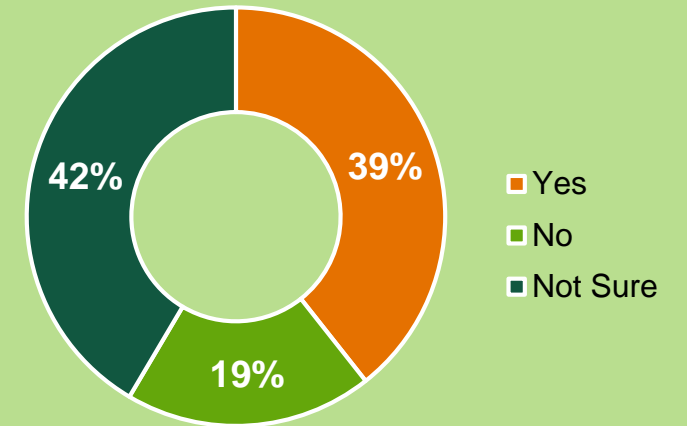
How often does your organization conduct phishing exercises?



Does your organization have a formal data strategy?

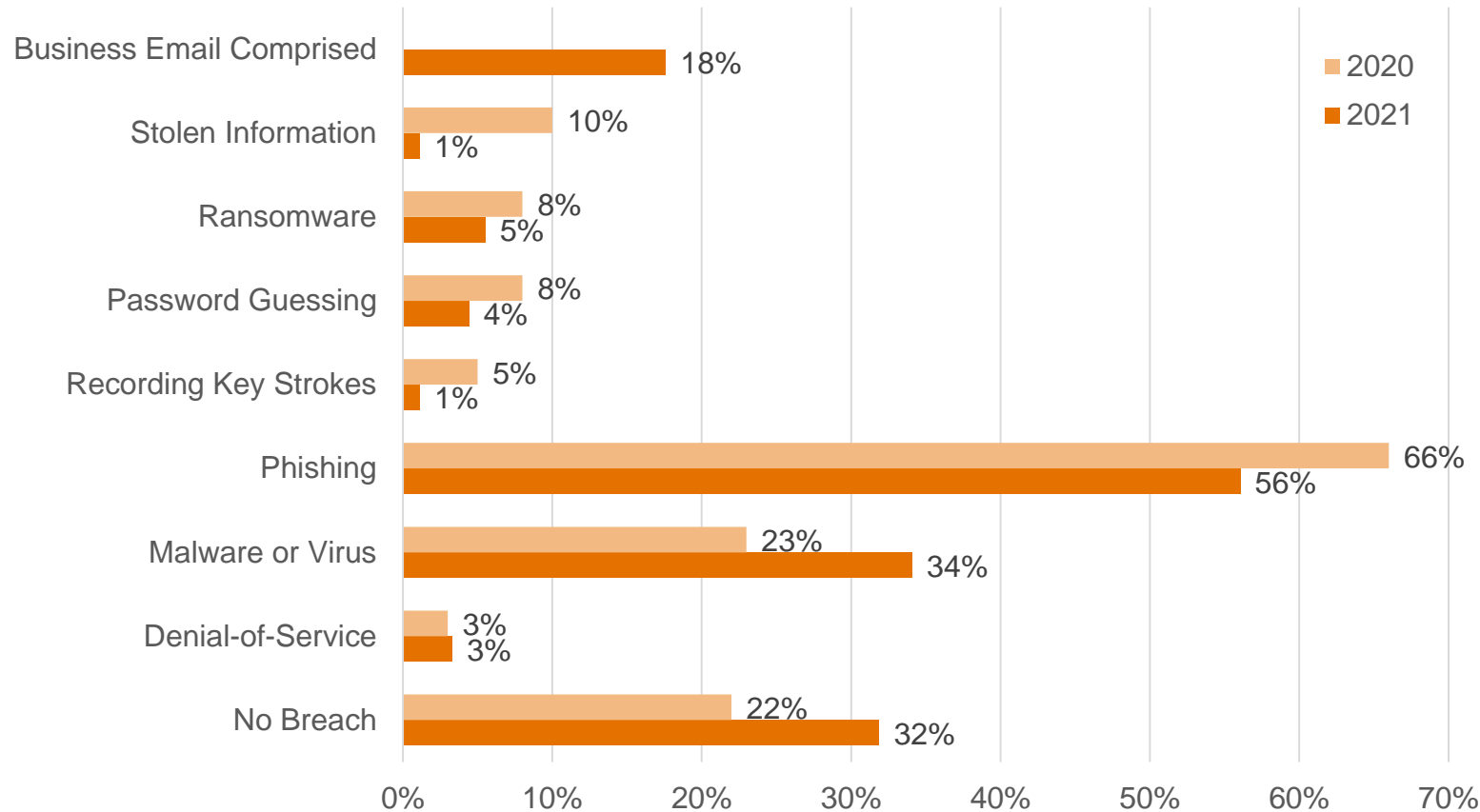


Do you have a formal data management program?

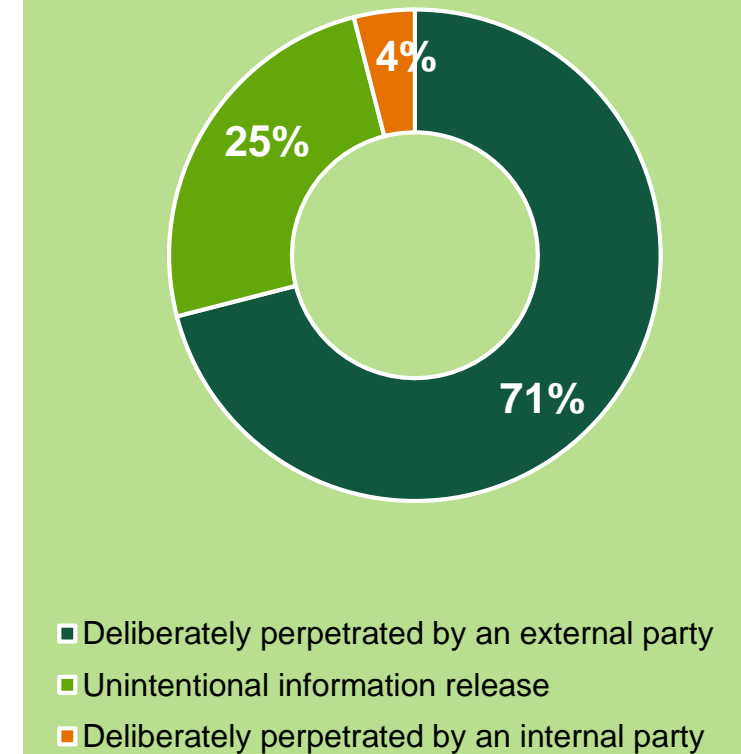


Use of Technology

In the past year, has your entity experienced a data breach (actual or attempted)? *Check all that apply.*

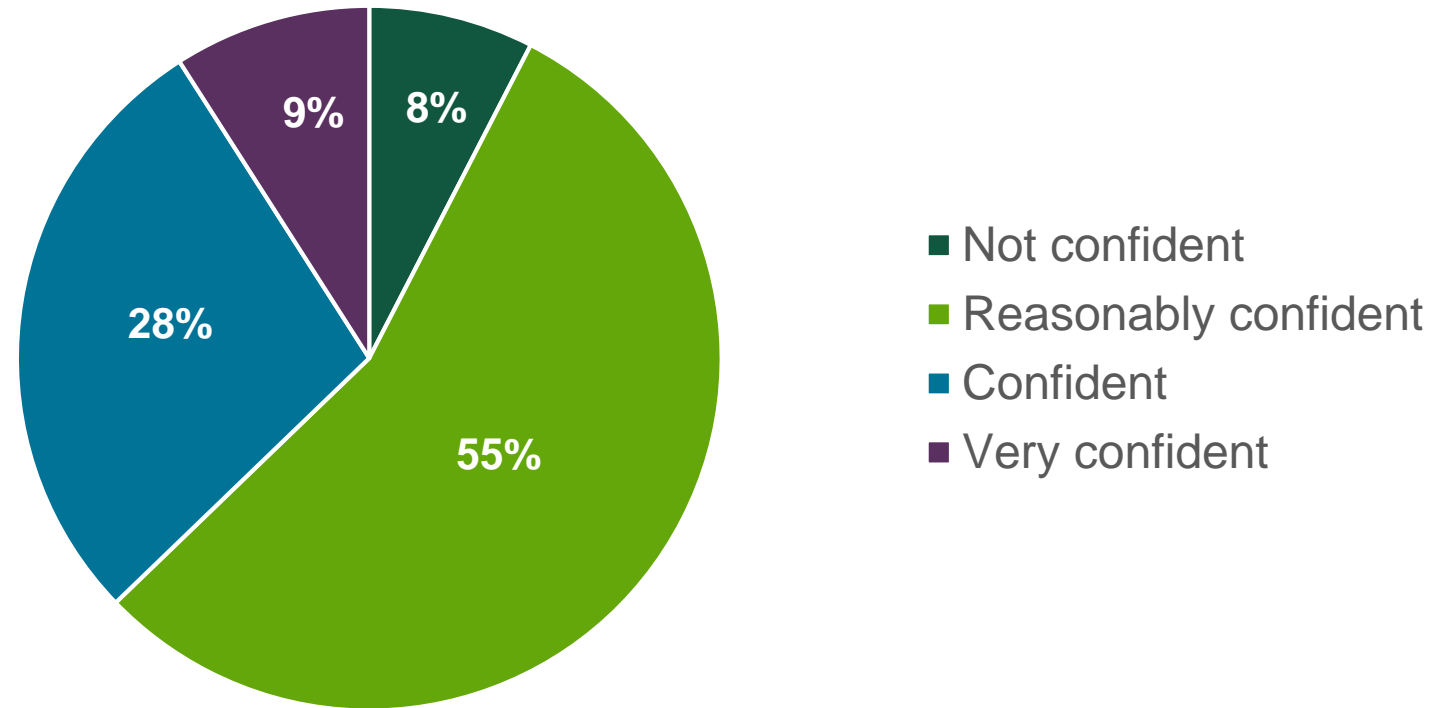


How was the data breach (actual or attempted) perpetrated? *Check all that apply.*



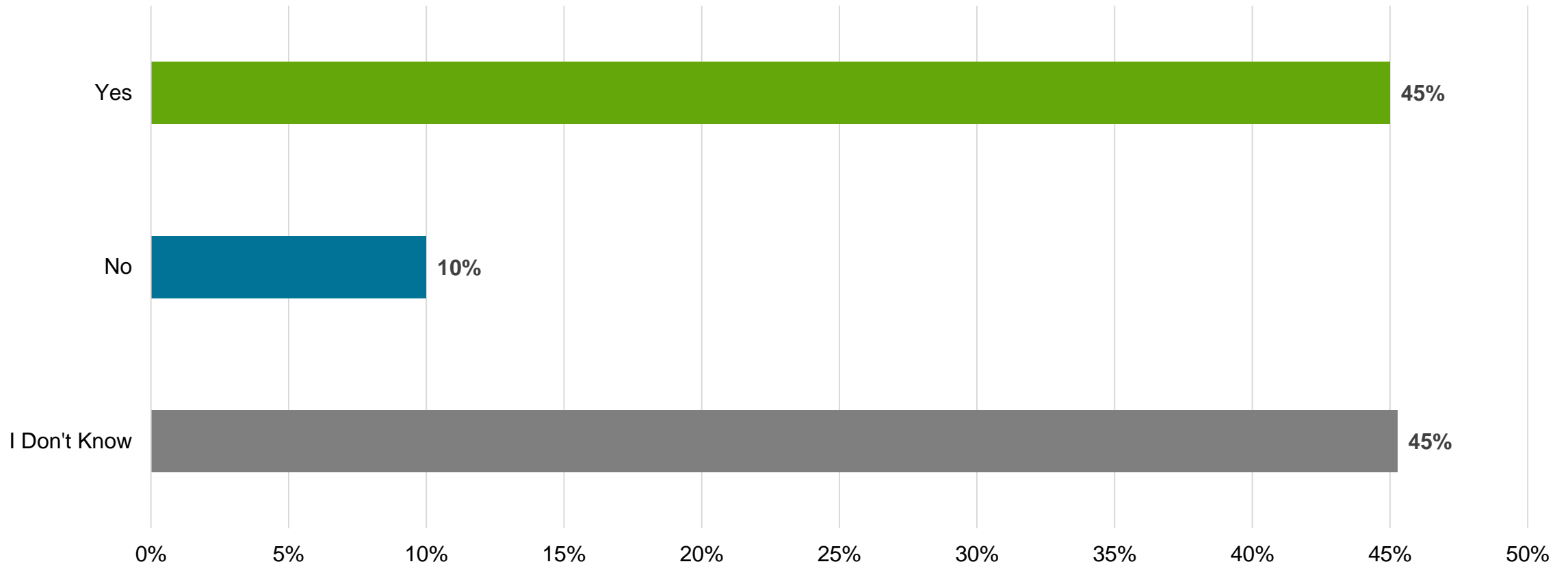
Use of Technology

How confident are you of your incident response program in detecting, responding to, and recovering from a breach in a timely manner?



Use of Technology

Is an attack or penetration study or vulnerability assessment part of your entity's strategic planning process?



Use of Technology

Do you anticipate replacing your enterprise business systems or other business systems (tax revenues, human resources management, etc.) in the next 18-24 months?

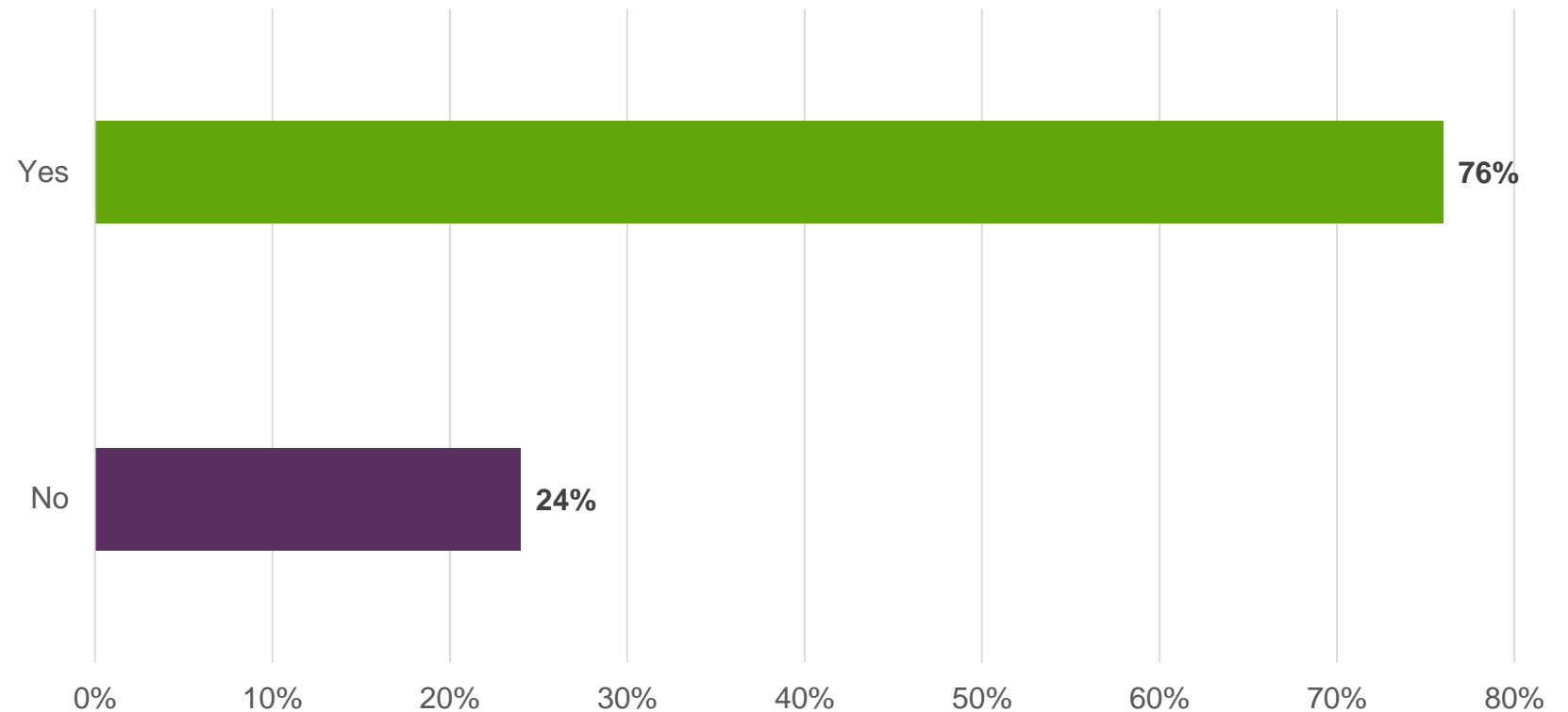


37% Yes



63% No

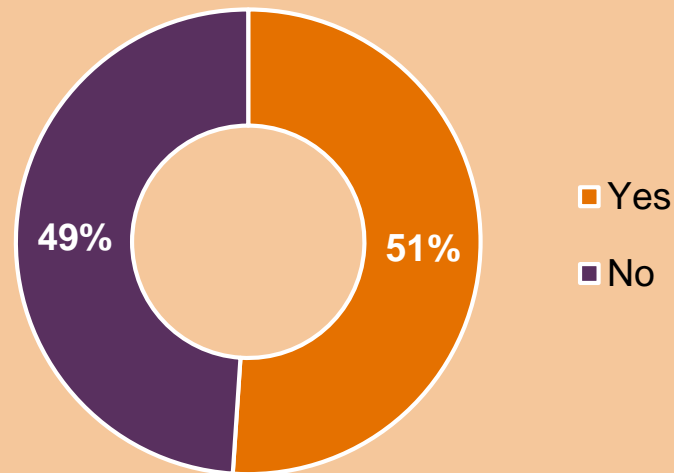
If Yes: are you considering moving to the Cloud?



Use of Technology

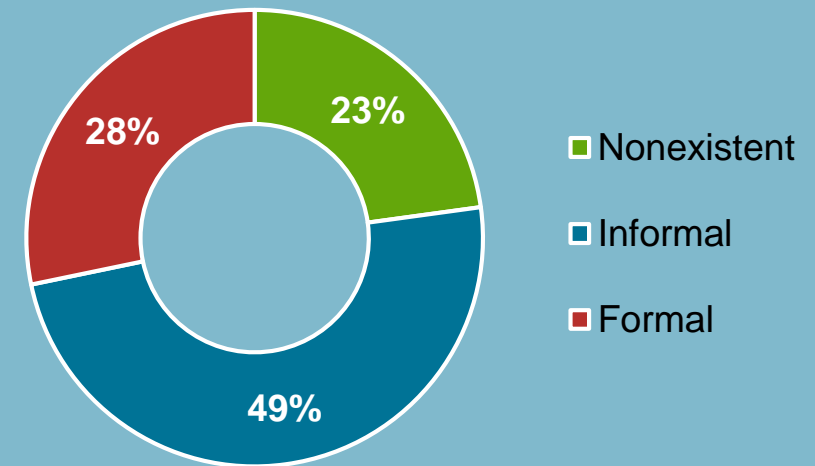
From last year's survey, there has not been a shift away from manual to more digitization.

Do most internal administrative processes still require paper based or manual steps?



Risk exposure remains high, with only one-third of respondents having a formal risk program.

How would you rate your vendor risk management or supplier risk management program?

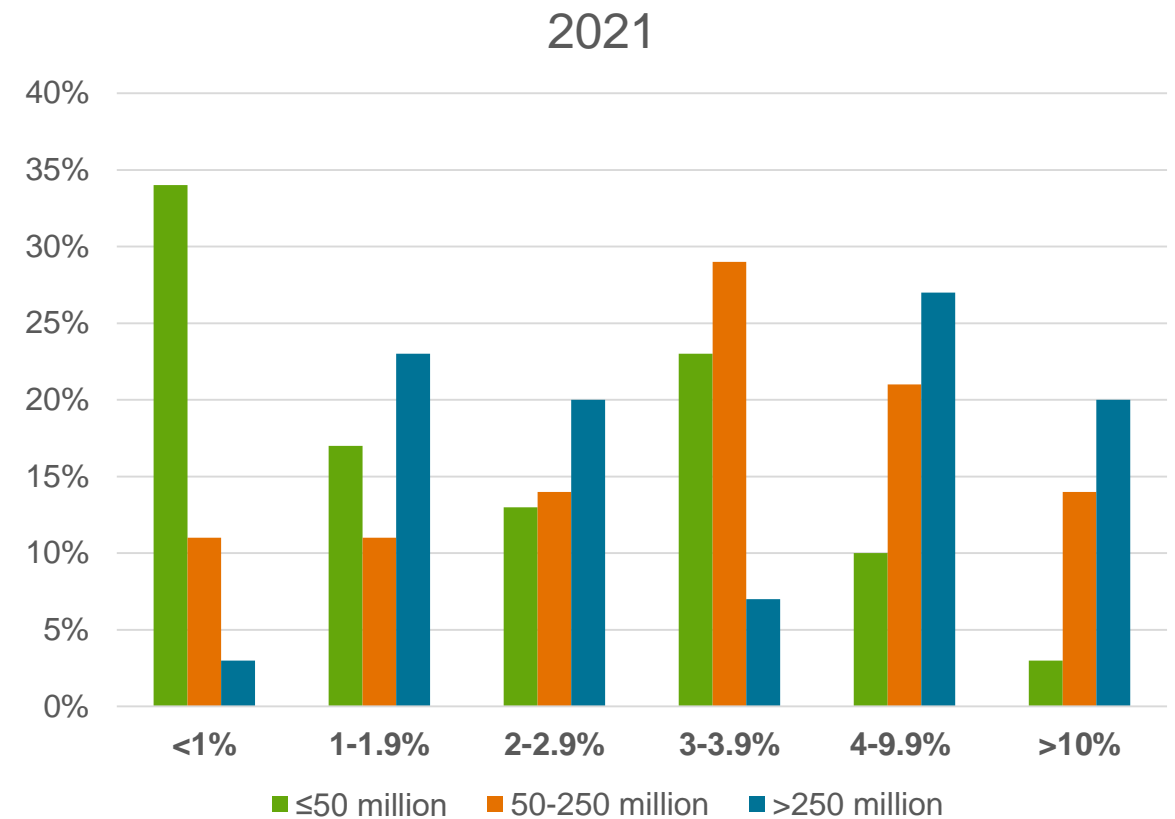
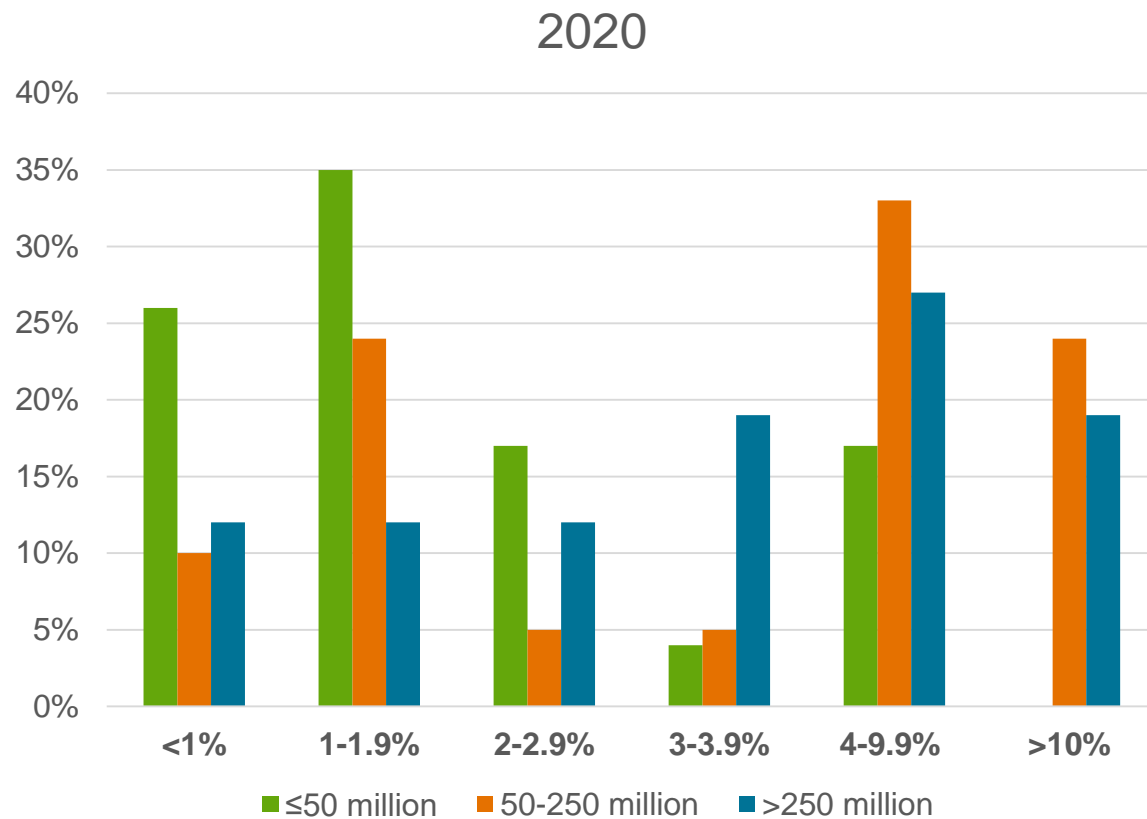


Budget



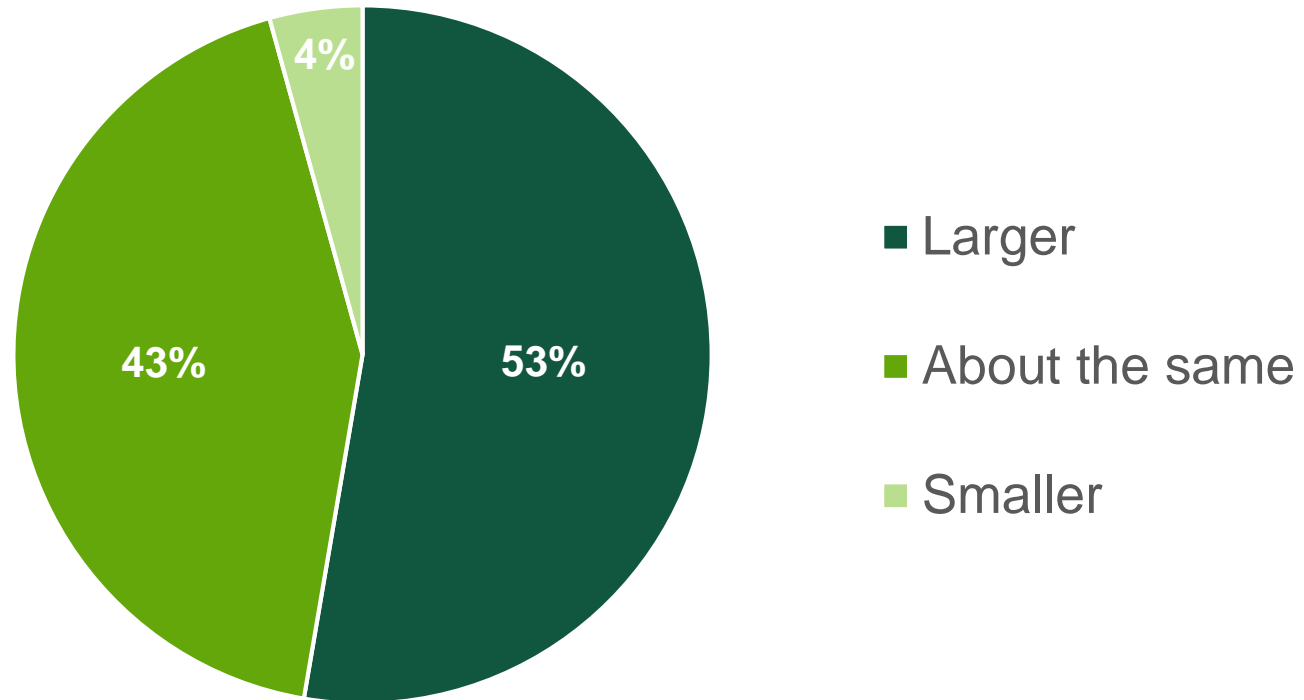
Budget

What percent of your entity's budget is spent on IT? (*By revenue*)



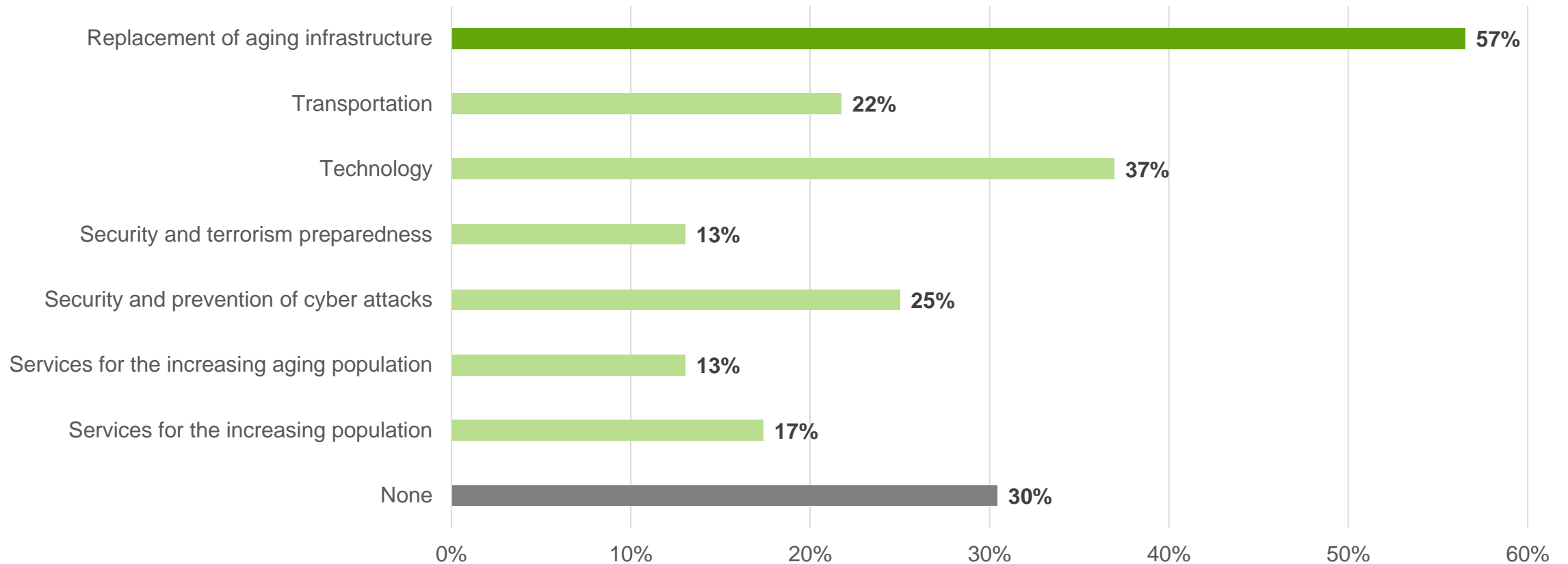
Budget

Compared to this past year, is your budget for technology in the upcoming year:



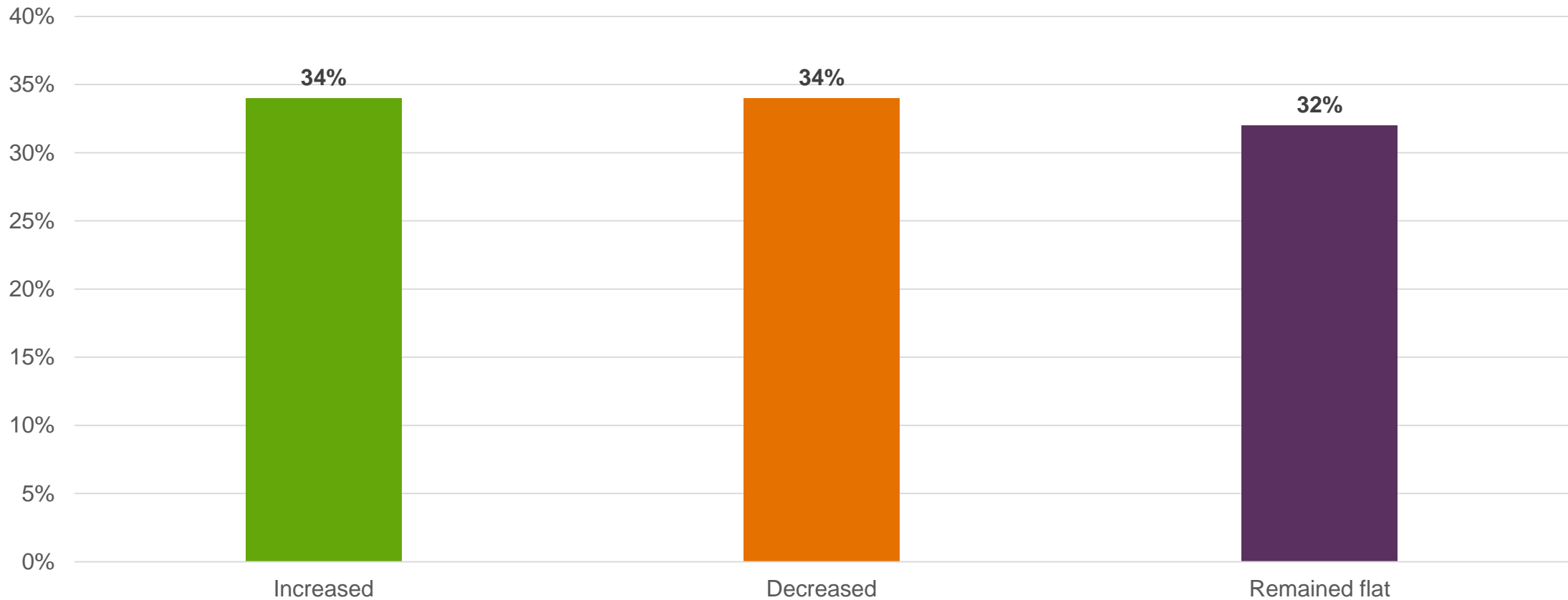
Budget

Do you have concerns about budgeted funding for any of the following? *Check all that apply.*



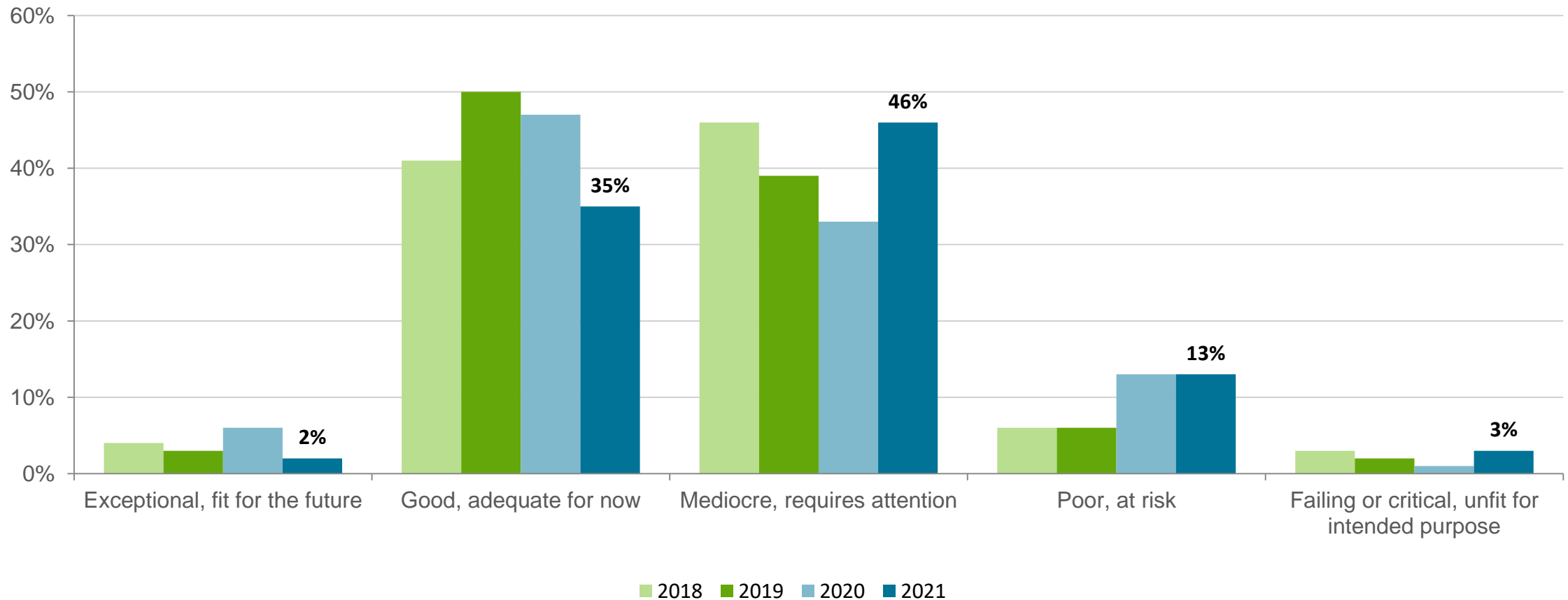
Budget

How are Sales Tax Collections in your current year compared to previous years?



Budget

Based on the most recent survey, the American Society of Civil Engineers gave the American infrastructure a D+. How would you classify your infrastructure?



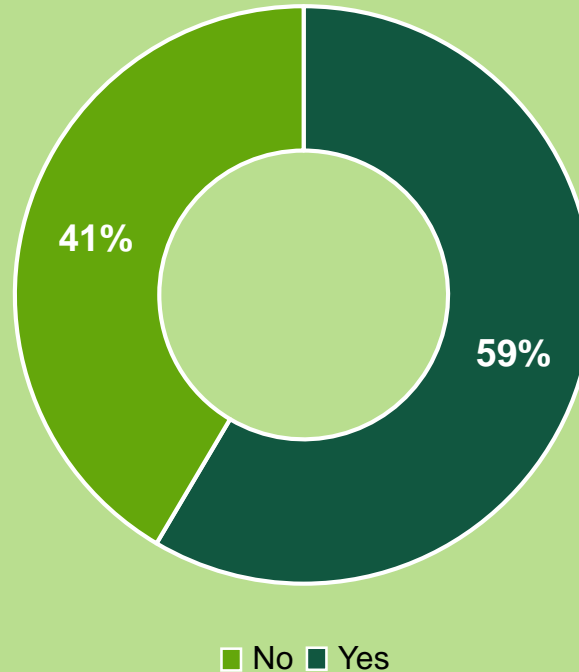
Whirlwinds of COVID-19



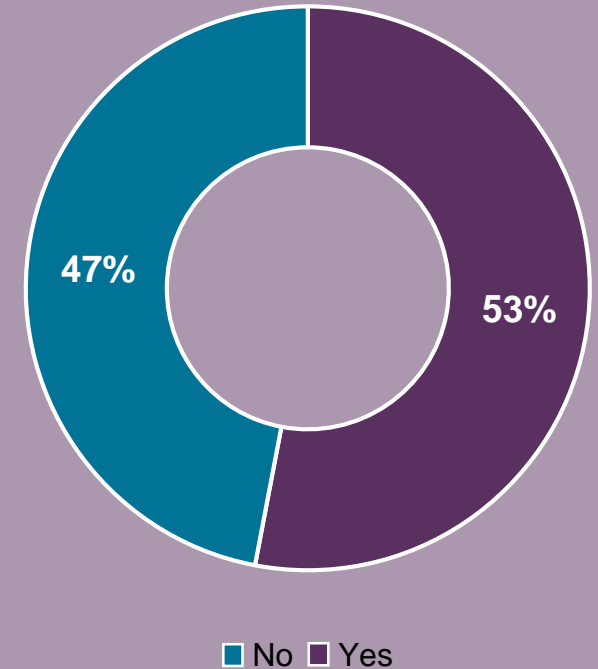
COVID-19

- ▶ We continue to see mixed approaches for teleworking generally and our survey results are no different.
- ▶ It is clear this mixed approach of some telework ensures employees feel comfortable and safe.
- ▶ However, we anticipate greater teleworking to become the new norm, allowing employees greater flexibility even in government entities.

Is your Finance department teleworking as a result of COVID-19?

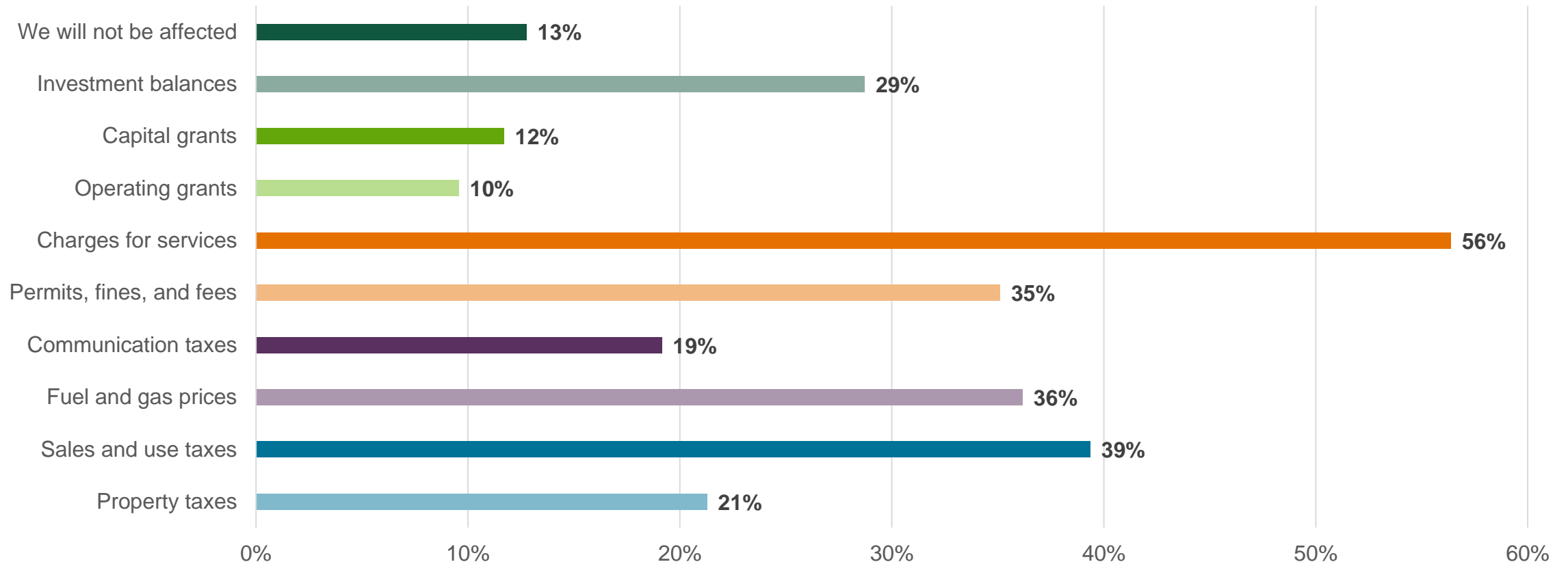


Do you anticipate your department will continue with some type of teleworking in the next 12 months?



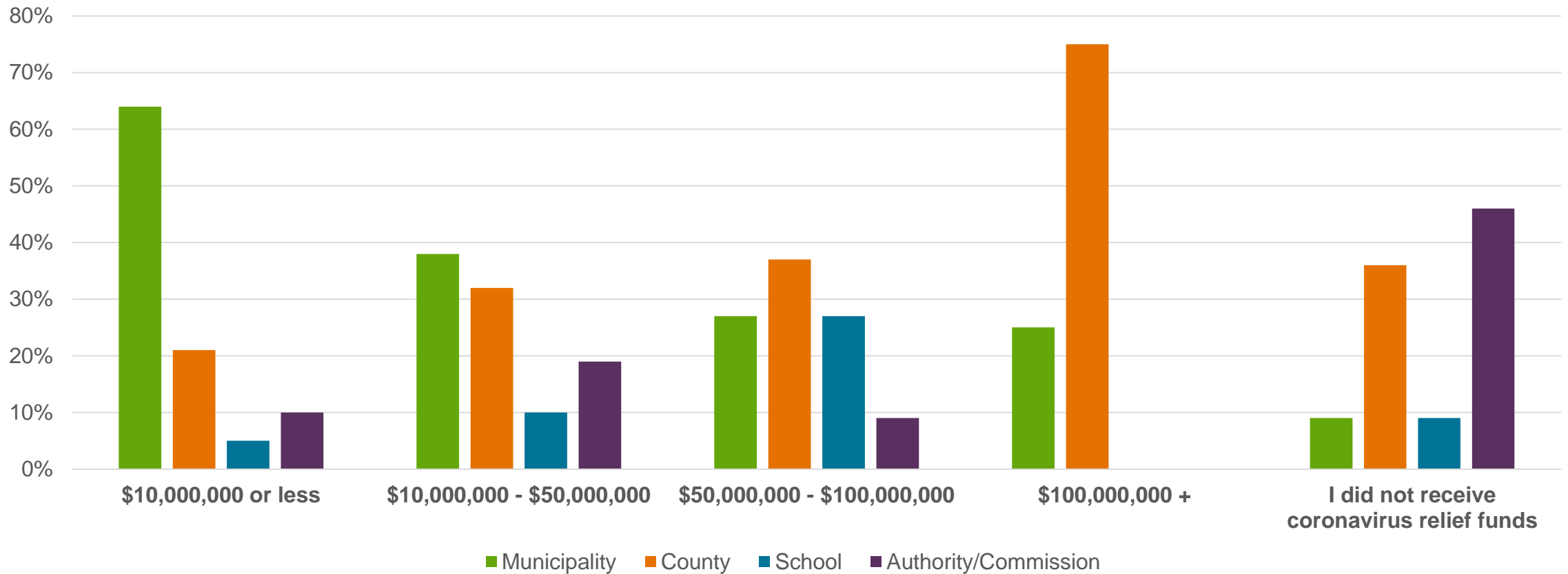
COVID-19

As a result of the spread of COVID-19, economic uncertainties have arisen; which of the following are more than likely to negatively impact your governments? *Check all that apply.*



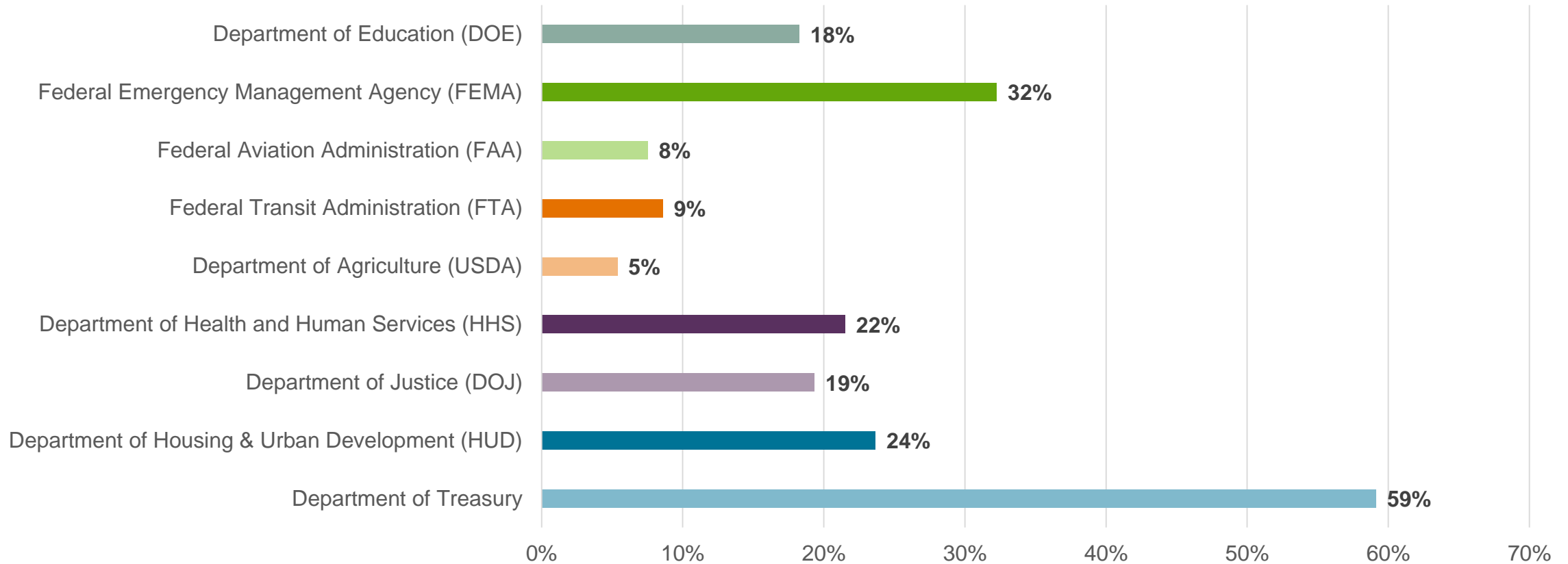
COVID-19

How much in Coronavirus Relief Funds have you received? *(By entity type)*



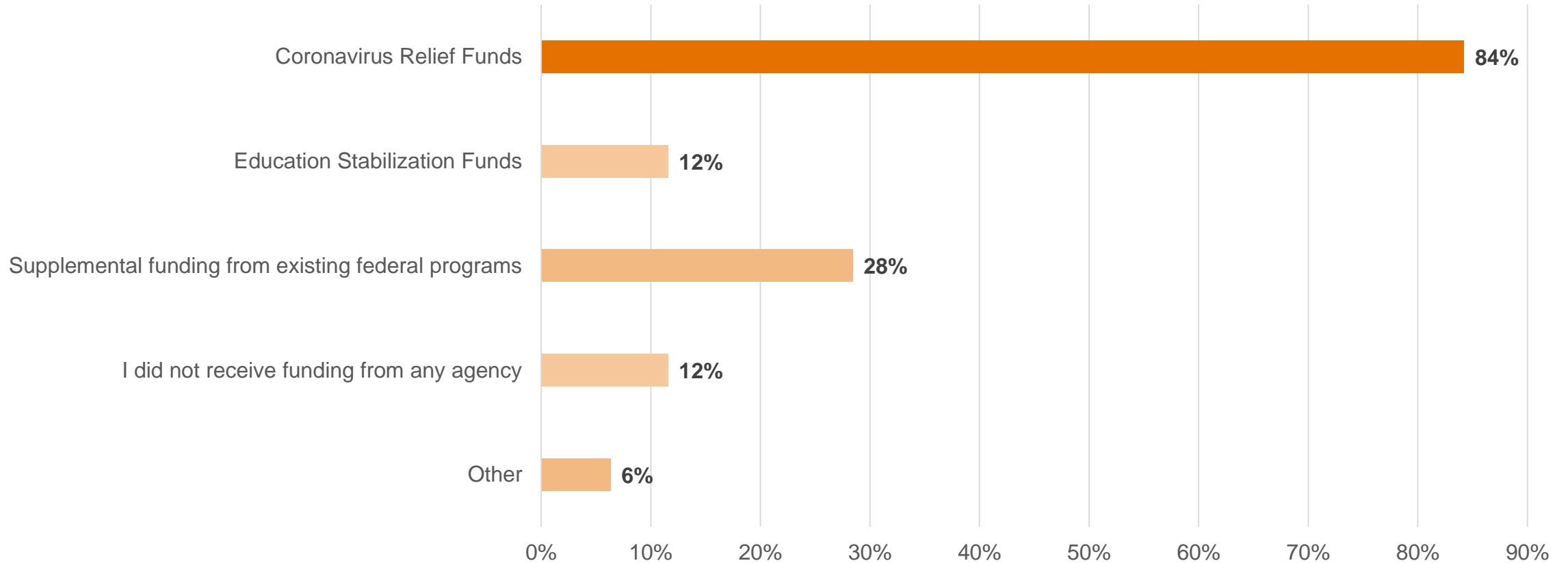
COVID-19

What agencies have provided you with COVID-related funding?



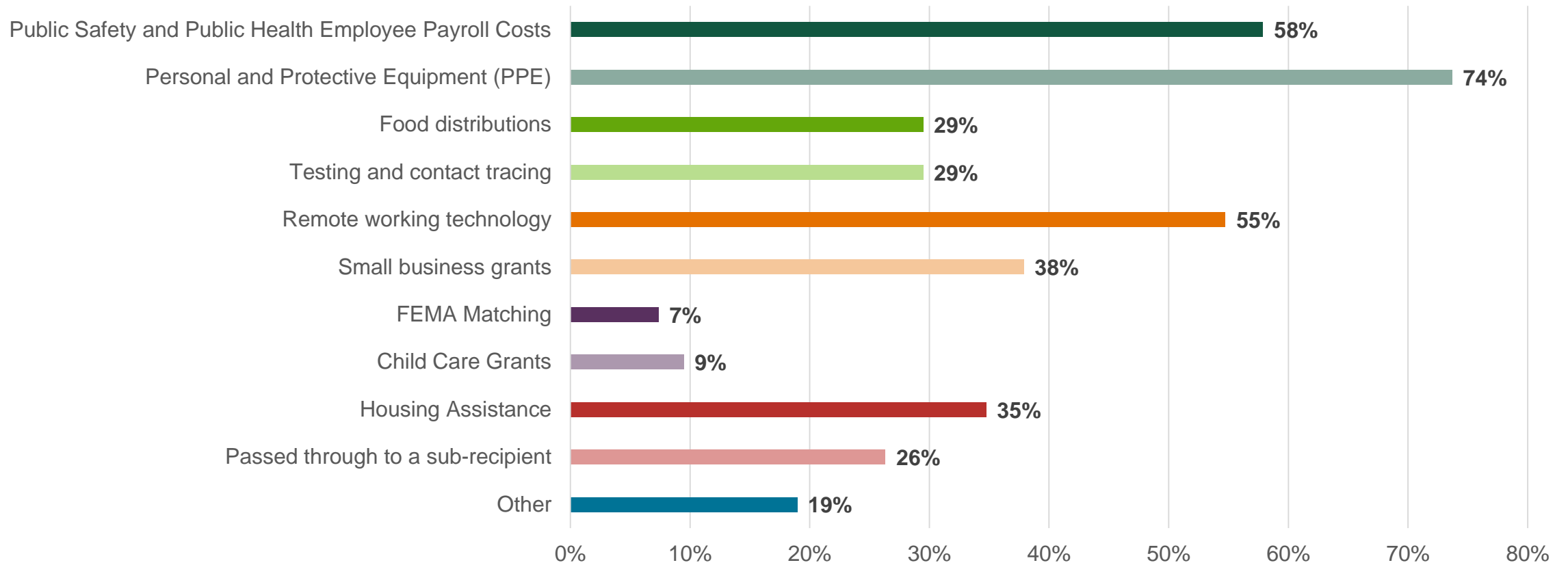
COVID-19

What types of funding did you receive? *Select all that apply.*



COVID-19

How have you used your Coronavirus Relief Funds? *Select all that apply.*

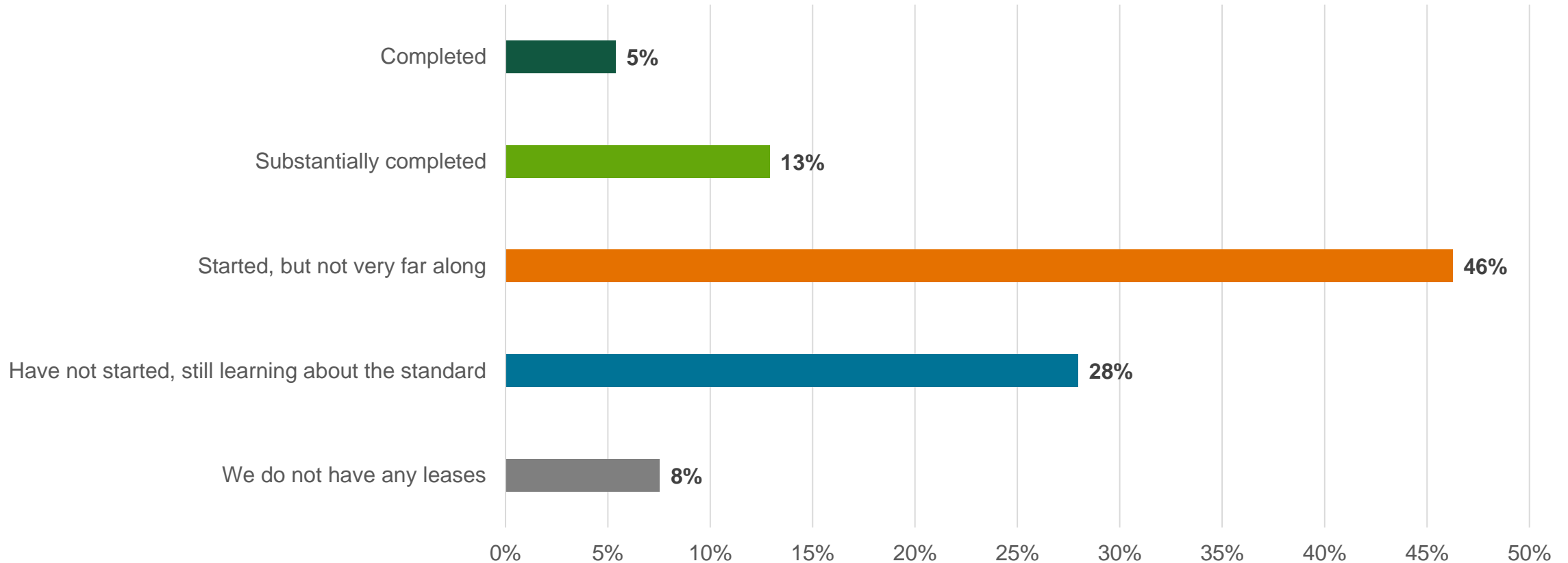


Financial Reporting



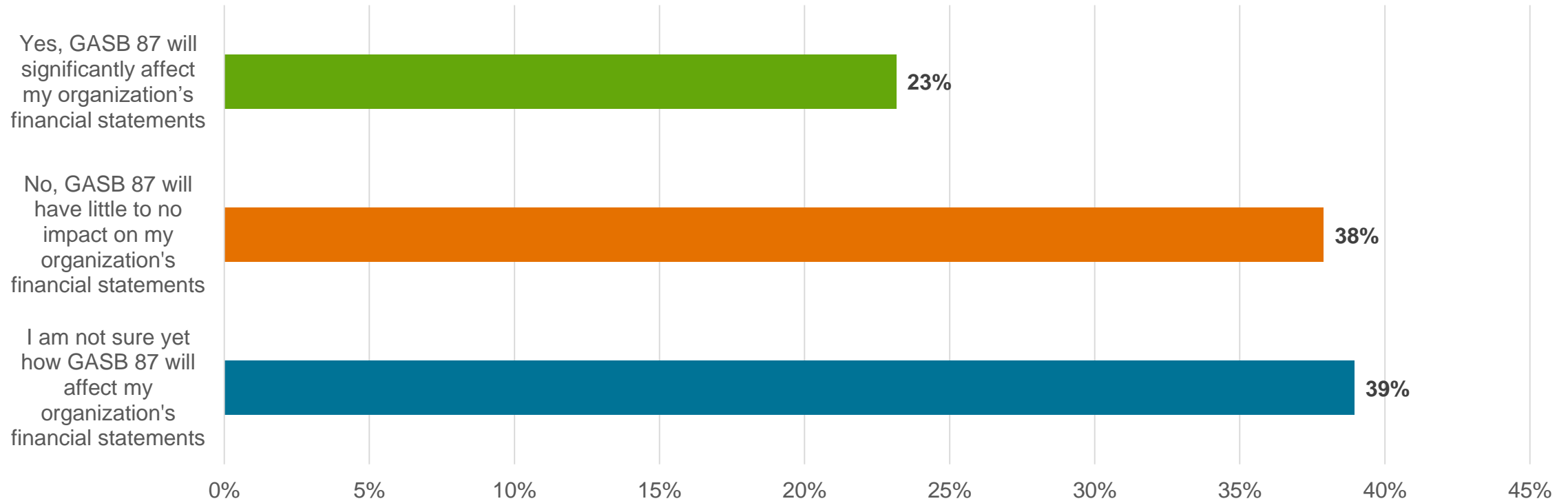
Financial Reporting

Where are you in the implementation process of GASB 87:



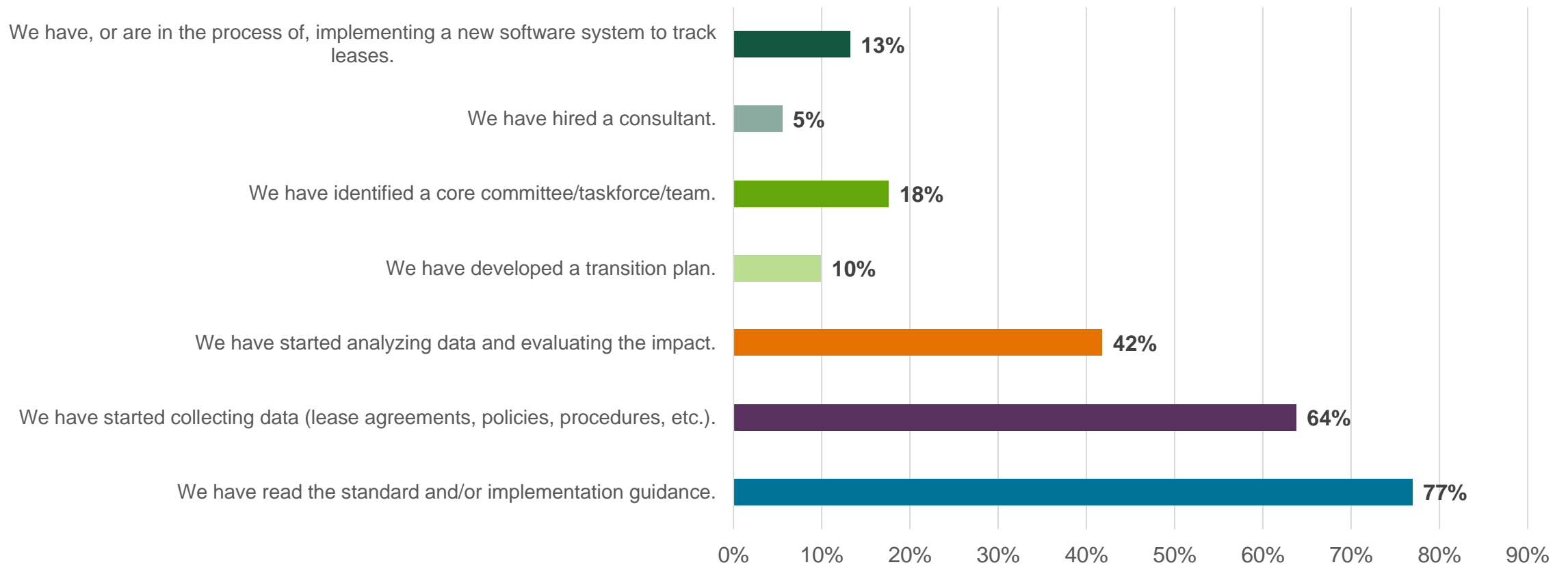
Financial Reporting

GASB Statement No. 87 on Leases is effective for reporting periods beginning after June 15, 2021. Do you expect this standard will have a material affect (adding a lease asset and lease liability) on your organization's financial statements?



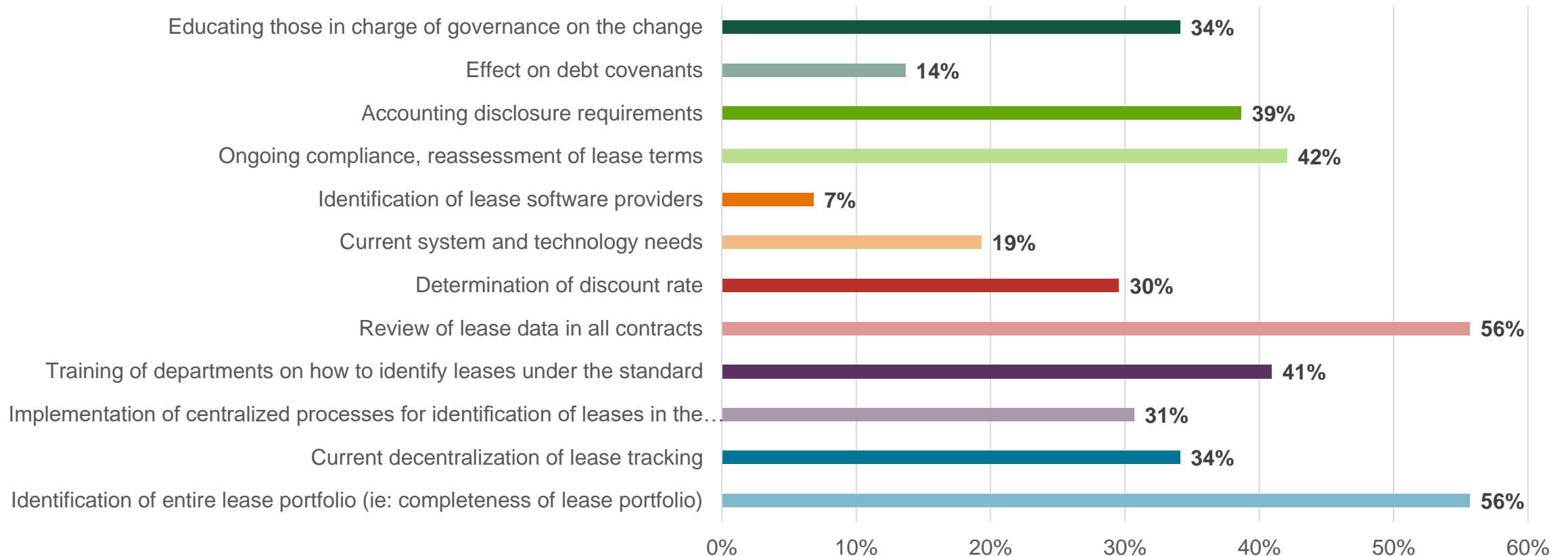
Financial Reporting

What steps have you taken to implement GASB 87? *Check all that apply.*



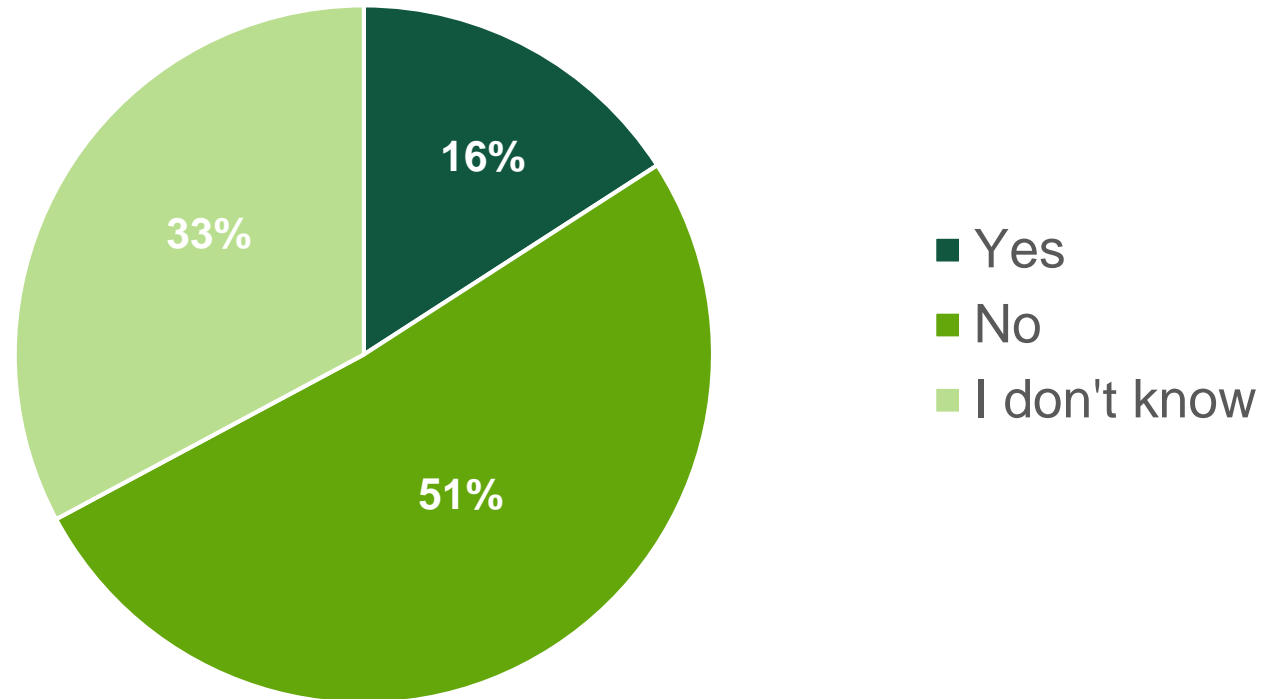
Financial Reporting

What has been, or do you see as, the most challenging part(s) of implementing GASB 87? *Select all that apply.*



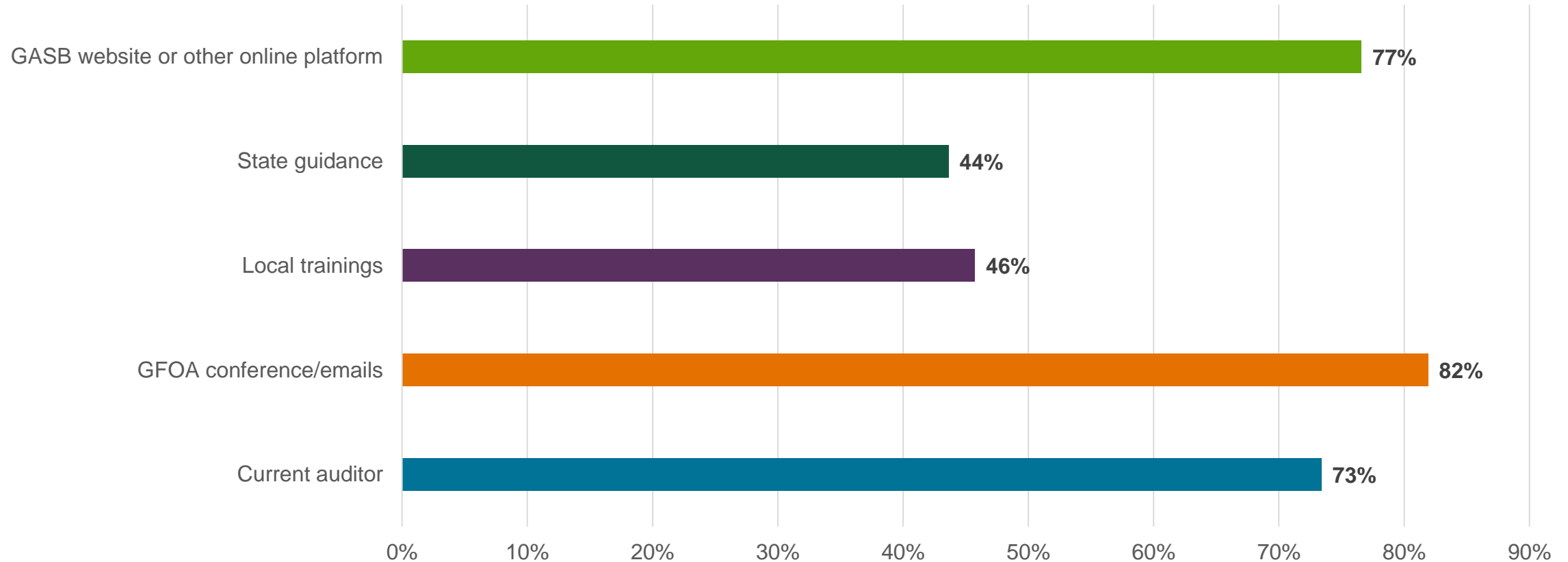
Financial Reporting

Have you already, or do you plan on, purchasing software to manage leases?



Financial Reporting

Where do you find information on upcoming standard changes and events that impact financial reporting? *Select all that apply.*

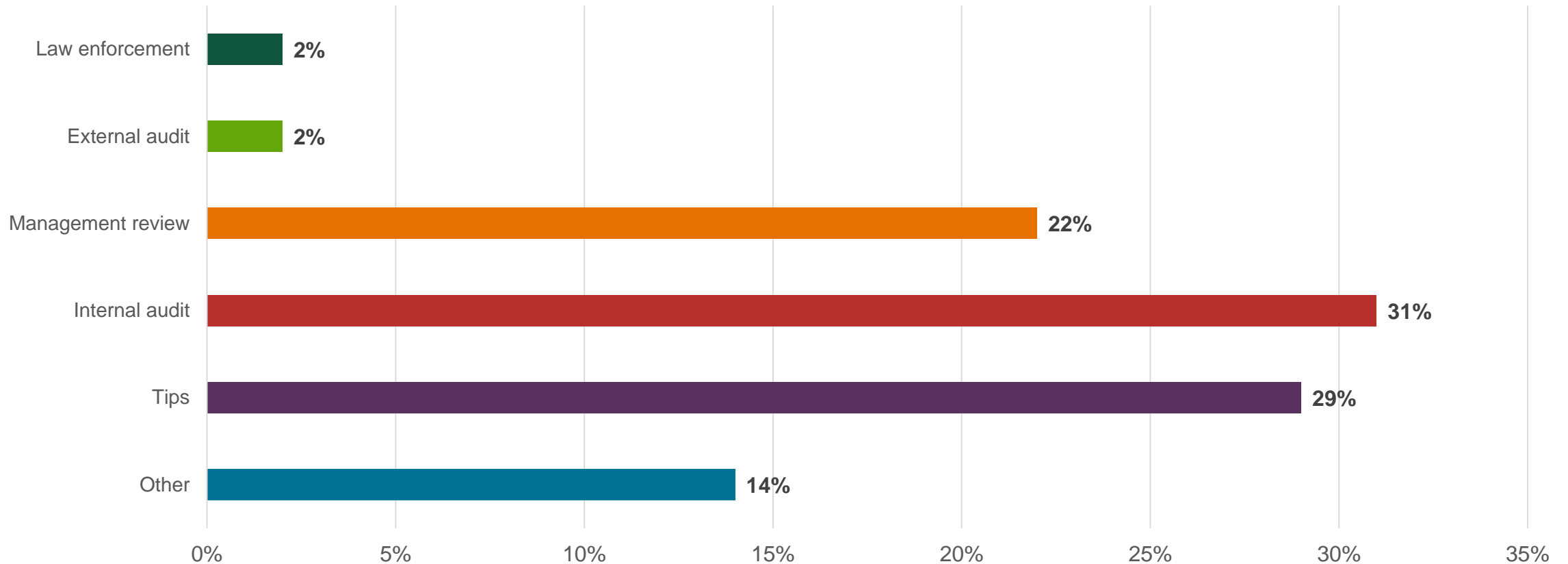


Risk Assessment & the Audit Process



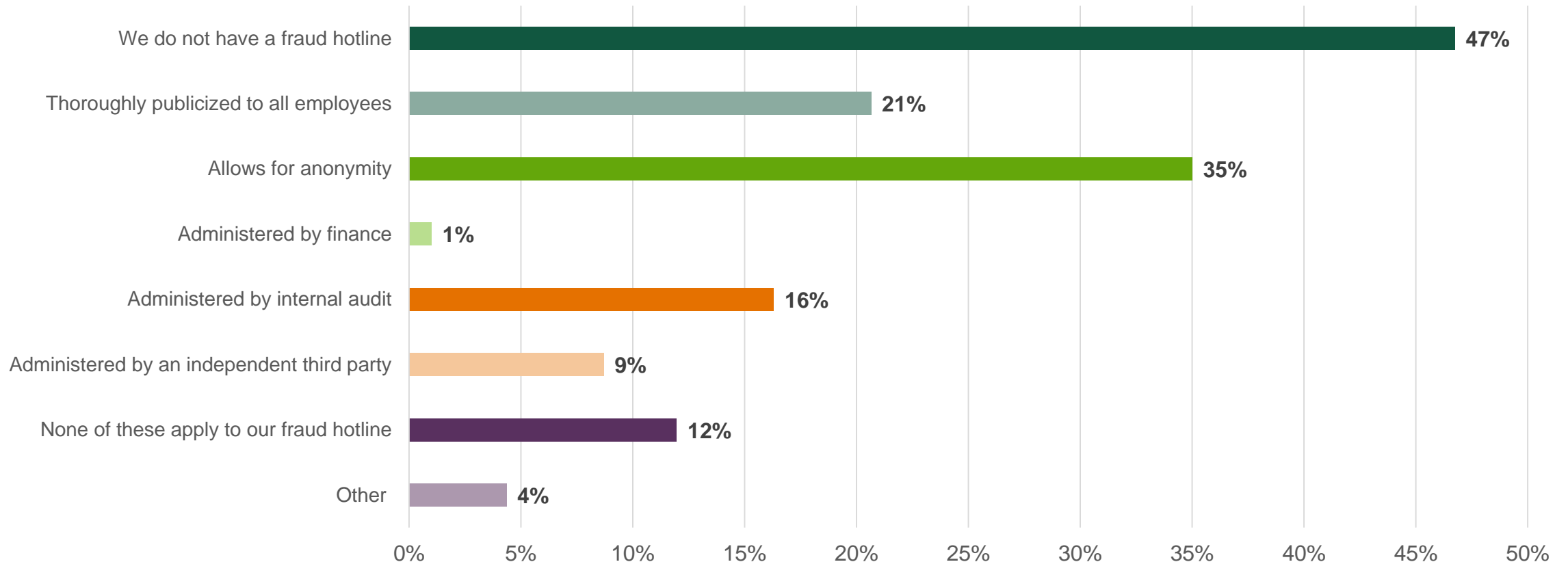
Risk Assessment & the Audit Process

If a fraudulent event occurred at your entity in the last five years, how was it identified?

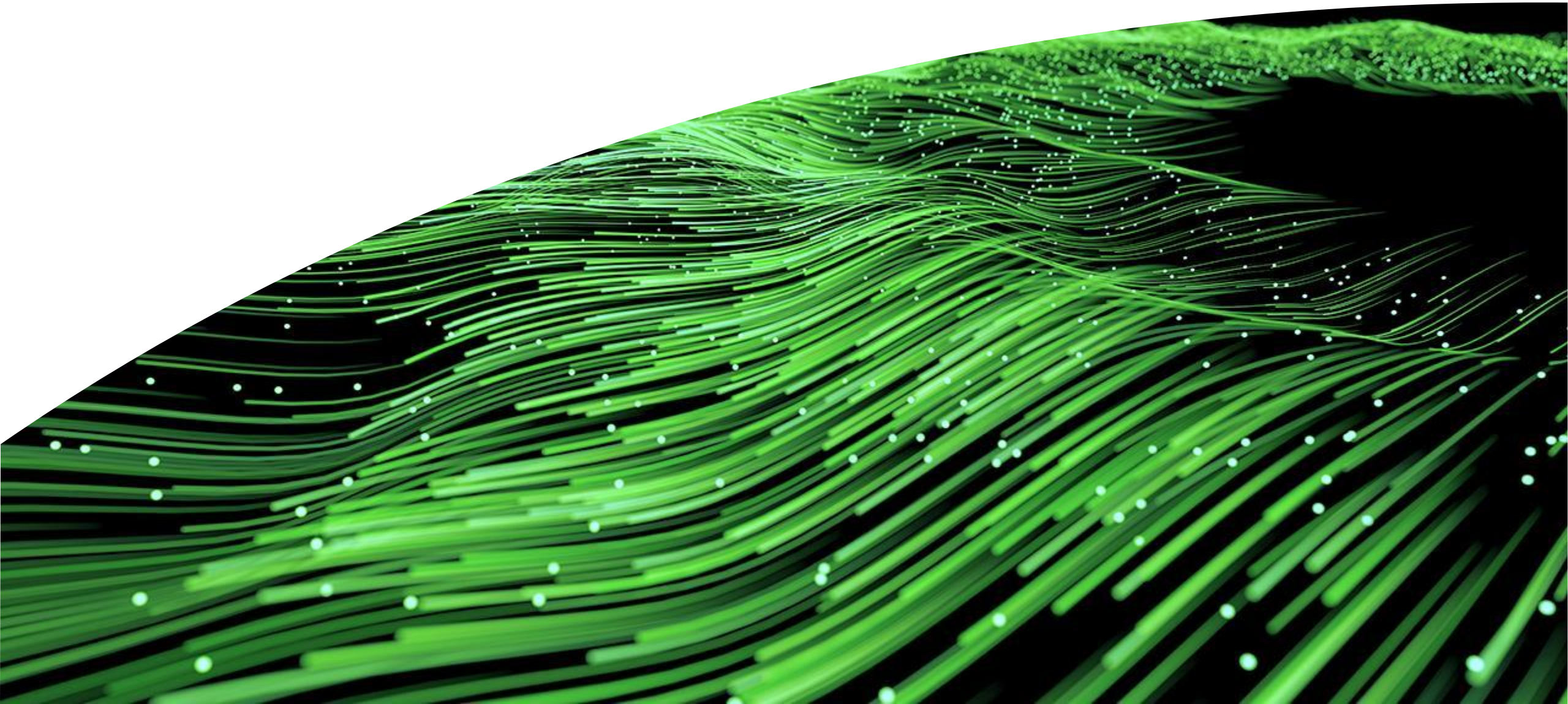


Risk Assessment & the Audit Process

What are the characteristics of your fraud hotline? *Check all that apply.*

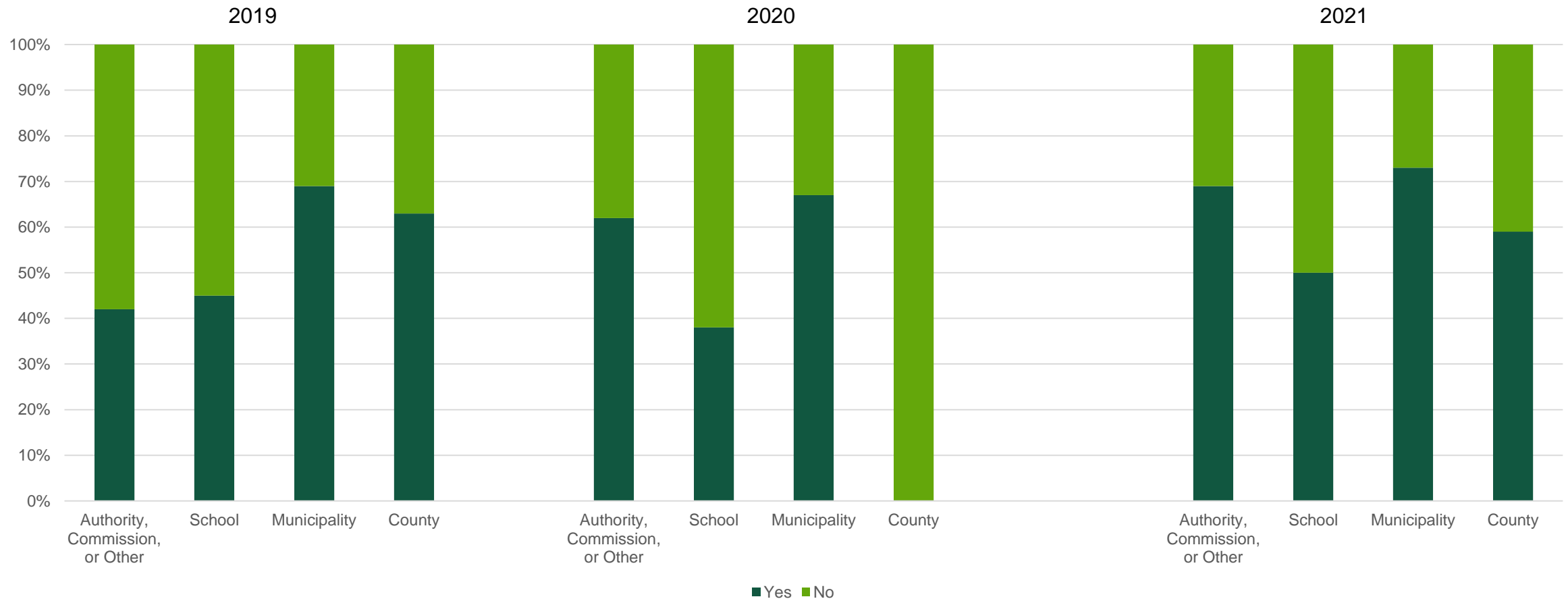


Data & Dollars



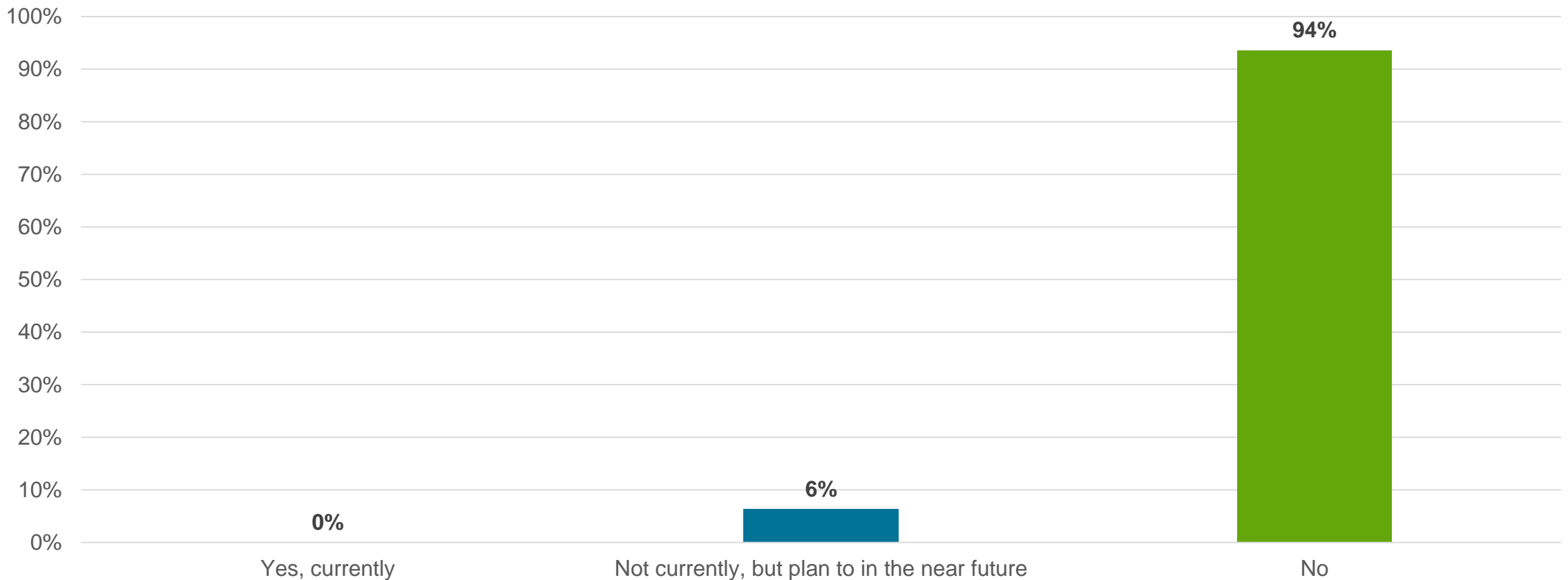
Reporting

Has your entity seen an increase in Freedom of Information Act (FOIA) requests in the past 5 years? *(By entity type)*



Data & Dollars

Does your entity transact in cryptocurrency?



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