

The Modern Public Finance Workforce

Developing Future-Ready Talent



Across the country, government finance offices are confronting a challenge that is not always visible in budget documents or financial statements but is increasingly felt in daily operations: the loss of people who understand how everything works.

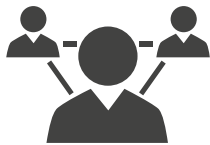
For decades, many public finance departments were staffed with professionals who spent much or even all of their careers in government service. They understood not only accounting rules and reporting requirements but also the history behind funding decisions, the quirks of legacy systems, and the unwritten processes that keep organizations running smoothly.

Today, that continuity is breaking down.

Retirements are accelerating, recruitment pipelines are thin, and younger professionals are less likely to stay in one organization for long periods. At the same time, expectations for transparency, speed, analytics, and compliance have increased dramatically.

CFOs and controllers now find themselves managing a paradox: fewer experienced staff while facing greater operational and reporting complexity.

Workforce strategy, therefore, is no longer simply a human resources matter; it is central to financial stewardship, audit quality, and operational resilience.



Workforce strategy is now a **core finance risk issue**, directly tied to stewardship, audit quality, and resilience.



The Talent Cliff in Public Finance

Many finance leaders are seeing the same pattern unfold: a long-tenured controller retires, a grants specialist leaves for the private sector, a payroll manager announces plans to step down after decades in service — suddenly, tasks that once flowed smoothly become fragile.

The challenge is demographic as much as operational. A large segment of public finance professionals entered into government service in the 1980s and 1990s. These professionals are now retiring in large numbers, often faster than replacements can be recruited and trained.

At the same time, competition for talent has intensified. Private-sector firms and consulting organizations often offer higher compensation, flexible work arrangements, and faster career mobility. Remote work has expanded the competitive landscape, allowing professionals to work nationally rather than locally.

The result is that many governments are competing not just with neighboring jurisdictions, but with diverse employers across the country.

The implications extend well beyond staffing inconvenience. When experienced staff leave or retire, governments risk:

- ▶ Delays in financial reporting and audit completion
- ▶ Increased audit findings or compliance challenges
- ▶ Weakening internal controls
- ▶ Loss of historical knowledge behind funding structures and accounting decisions. Operational disruption in budgeting, grant management, and treasury functions

In many cases, finance departments discover that critical processes live primarily in someone's memory rather than in documented procedures.

The risk is not only today's disruption but tomorrow's declining organizational capability.



Finance offices aren't simply losing employees; they're **losing decades of operational memory.**

The Future Skill Profile

Replacing staff is not simply a matter of hiring new accountants. The job itself has changed.

Historically, finance professionals were expected to record transactions, establish compliance, and produce accurate reports. Today, modern finance professionals must still master core technical areas like governmental accounting, budgeting, and grant compliance — but technical competence alone is no longer sufficient. Finance teams are increasingly expected to serve as strategic advisors, translating data into insights that guide policy and operational decisions.

Finance leaders increasingly need staff who can:



Translate Data Into Insight. Leaders and elected officials now expect dashboards, forecasts, and performance analysis, not just historical financial statements. Staff must be comfortable working with data tools and analytics platforms.



Communicate Financial Impacts Clearly. Finance teams must explain complex funding, budget, and policy impacts to nonfinancial stakeholders. Communication skills are now as important as technical accuracy.



Manage Projects and Change. Implementing new ERP systems, compliance changes, or grant programs requires professionals who can manage timelines, coordinate stakeholders, and support organizational change.



Navigate Technology and Automation. Automation tools, AI-assisted reconciliations, and workflow systems are reshaping routine accounting tasks. Finance staff must understand both how to use these tools and how to maintain appropriate controls.



Understand Operational and Policy Context. Finance increasingly intersects with policy and program decisions. Staff must understand how operational changes affect financial outcomes.

The professionals who thrive combine accounting knowledge with technology fluency, analytical thinking, and collaborative leadership.



Assessing Workforce Risk

Before solving workforce challenges, finance leaders must understand where vulnerabilities lie. Many organizations are often surprised when they conduct even a basic workforce risk assessment.

CONDUCTING A TALENT GAP ANALYSIS

A practical starting point is mapping current staff capabilities against future needs. Leaders should ask:

- ▶ Which functions rely heavily on a single individual?
- ▶ Where do we lack backup or cross-training?
- ▶ Which skills will be critical in five years but are scarce today?

This exercise often reveals an unexpected concentration of knowledge.

IDENTIFYING ROLES MOST AT RISK

Some roles carry disproportionate operational risk, including:

- ▶ Grant compliance specialists
- ▶ ERP system administrators
- ▶ Financial reporting leaders
- ▶ Treasury and debt management personnel
- ▶ Payroll and benefits specialists

If these individuals leave tomorrow, could operations continue smoothly?

BUILDING KNOWLEDGE TRANSFER MECHANISMS

Too often, processes are learned informally and never documented. Governments should prioritize:

- ▶ Documenting key procedures
- ▶ Cross-training staff
- ▶ Job rotation opportunities
- ▶ Standardizing workflows
- ▶ Developing transition plans before departures occur

Institutional knowledge must become institutionalized rather than person dependent.

Succession Planning as an Ongoing Process

Succession planning frequently begins only after someone announces retirement. By then, valuable transfer time is already lost. Effective succession planning is continuous.

Mentoring relationships allow emerging professionals to absorb not only technical knowledge but also organizational context. Shadowing arrangements expose staff to responsibilities before transitions occur.

Rotational assignments broaden experience and reduce dependency on single individuals. Emerging leaders benefit from exposure to budgeting, reporting, treasury, and grants management functions.

Importantly, finance and human resources must work together. Workforce planning cannot occur in isolation from hiring policies, career pathways, and compensation frameworks.

Succession planning is not about replacing individuals; it is about preserving organizational capability.

Recruitment and Retention: Competing Differently

Public sector employers cannot always compete on salary alone. But they can compete in other powerful ways.

Many professionals seek meaningful work, flexibility, and growth opportunities. Governments can strengthen recruitment by emphasizing mission impact: how finance professionals directly support community services and public outcomes.

Flexible and hybrid work arrangements increasingly influence career decisions. Jurisdictions that modernize workplace expectations often expand their talent pools significantly.

Partnerships with universities and fellowship programs help introduce students to public finance careers early, before private-sector opportunities dominate their choices.

Retention, meanwhile, depends heavily on development. Professionals stay where they see opportunities to gain experience and advancement.

Employees rarely leave only for compensation; they leave when they cannot see their future in the organization.

Building a Learning Culture

Future-ready finance organizations treat learning as part of the job, not an occasional activity. This includes ongoing professional education, technology training, and support for certifications. It also involves encouraging curiosity and innovation rather than rewarding only routine execution.

Cross-department collaboration helps finance staff better understand operational realities, while operations staff appreciate financial constraints better.

Organizations that invest in learning build adaptability, one of the most valuable capabilities in today's environment.



Public-sector employers
can't always win on salary,
but they **can win** on
purpose, flexibility,
and growth.



From Crisis to Capability

The workforce challenge facing public finance is real, but it is also an opportunity. Organizations that approach workforce development strategically can emerge stronger, more resilient, and better equipped to serve their communities. Finance leaders who invest in knowledge transfer, leadership development, recruitment modernization, and continuous learning build teams capable of navigating complexity and change.

Workforce development is not an administrative task; it is a strategic investment in financial stewardship.

The future of public finance depends not only on funding and technology, but on the people entrusted to manage public resources wisely.

How BDO can help

BDO State and Local Government practice helps governments and communities thrive. Contact us to learn how we can support you through a comprehensive, proactive, and tailored approach.

For more information on our service offerings, visit [bdo.com/governments](https://www.bdo.com/governments)



Check out our Public Finance Competency Model on the next page ►

PUBLIC FINANCE COMPETENCY MODEL

The Public Finance Competency Model is a structured “health check” of your finance team’s capability and continuity risk.

Use this model to assess your team’s current strengths and priority gaps.

Rate each competency 1–4: 1 = Awareness, 2 = Working, 3 = Proficient, 4 = Expert.

Have each team member (or the finance leadership team) rate the listed competencies, then flag any single point of concern where only one person can perform a critical task. Once ratings are complete, focus action where it matters most: for any competency scored 1–2, assign a backup for cross-training, define a short development step (training, shadowing, documented procedure, rotation), and set a target proficiency level by the next budget cycle to strengthen resilience, audit readiness, and future-ready capacity.

1. Technical (Public Finance Core)

- ▶ Governmental accounting and reporting (e.g., fund accounting, GASB implementation)
- ▶ Budget development and monitoring
- ▶ Grant compliance and reporting requirements
- ▶ Internal controls and audit readiness (including documentation)

2. Analytical (Decision Support)

- ▶ Data analysis and interpretation (trend/variance drivers)
- ▶ Forecasting and scenario modeling (revenues, staffing, capital)
- ▶ Performance measurement and KPI design
- ▶ Communicating insights through dashboards or concise summaries

3. Leadership (Execution + Influence)

- ▶ Clear communication with nonfinancial stakeholders
- ▶ Cross-functional collaboration (programs, HR, IT, procurement)
- ▶ Project management (deadlines, dependencies, stakeholder alignment)
- ▶ Change leadership (process redesign, adoption, training)

4. Digital (Modern Finance Operations)

- ▶ ERP/reporting tool proficiency (queries, workflows, controls awareness)
- ▶ Automation awareness (RPA/AI-assisted reconciliations, workflow tools)
- ▶ Data governance basics (data quality, definitions, access discipline)
- ▶ Cybersecurity and segregation-of-duties awareness in digital environments

Next step: For any competency rated **1–2**, identify (i) a backup person to cross-train, (ii) a short development action, and (iii) a target proficiency level for the next budget cycle.