



The CFO of your healthcare company has abruptly departed: Now what?



In an ideal world, financial leaders plan well in advance for their departure and help with the transition planning. But it doesn't always work out that way. When your organization finds itself in a position where your Chief Financial Officer (CFO) has left abruptly, with no transition plan in place, don't panic. We're here to help you walk through the steps you need to take until you have a new CFO in place..



First, protect the company

The first step is to make sure that the former CFO cannot access any company information or systems. While it's unlikely that the former employee will cause havoc, this is an important first step to help ensure the security of your company's assets and reputation.

Action items

Cancel the former CFO's access to:

- Internal emails and information systems
- Phone/voicemails
- Outside bank and investment accounts
- Company credit cards



Next, delegate duties for the interim

A CFO position is a big role to fill using existing resources. It's important to assign and be clear about who is responsible for what. This is also the time to consider if you need to bring in outside help during the transition.

Action items

- Identify the executive officer, controller, or other key employee to temporarily take on the CFO's duties until a longer-term replacement or hire can be made. Forward the CFO's incoming emails for review and responses needed.
- Decide if a contracted firm, like BerryDunn, should be hired to take care of CFO duties until a permanent hire is made.
- Decide who will be reporting to the Finance Committee and Board of Directors in place of the prior CFO during the interim period.



Communicate the news externally and internally

Don't delay in communicating the news about the CFO's departure. As soon as you've decided who will take over in the interim, be sure to let both external partners and internal staff know that everything is under control.

Action items

- Communicate to key company stakeholders and third-party relationships, including banking and investment firms, that the CFO is no longer with the company and identify the interim contact.
- Schedule a meeting with the former CFO's direct reports to reassure them that hiring a replacement is a top priority. Receive feedback on any challenges or upcoming deadlines top management needs to be aware of. It's important to keep the morale of the staff high to prevent any further employee attrition.



Discover and cover the critical work

In addition to speaking with the CFO's direct reports, it's important to uncover all the critical work that needs to be done until you hire a replacement. Be sure to pay attention specifically to the items below, as they can have a big impact on your company's bottom line.

Action items

- Schedule a meeting with the other top officials of the company to document their departments' work reliances on the CFO position and any upcoming deadlines needed to be made aware of.
- Re-assign all treasury functions. It is vital to prevent any interruption to the organization's cash inflows and outflows.
- Continue the outgoing payment and other financial approvals previously performed by the prior CFO. For purposes of good internal controls, these reviews and approvals should not be skipped.
- Assign close review of payroll since most fraudulent behavior occurs through the payroll function during absence of key officer involvement.
- Assign close review of the patient and third-party receivable collections to prevent any drop in collection efforts.
- Identify and monitor the debt schedule payments and any debt balloon upcoming payments.



Find your next CFO!

Now you've done the legwork to help ensure that nothing critical falls through the cracks, it's time to find a great new CFO

Action items

Contact the internal HR department or outside employment agency to begin the new CFO search.



We know it can be overwhelming when a position as important as the CFO is suddenly unfilled. But with a thorough plan and good communication, you will get through this.

As always, BerryDunn is here to help when you need it. **BerryDunn's healthcare outsourced accounting team** can help whether you need extra help in your office during peak times or interim leadership support during periods of transition. We offer the expertise of a fully staffed accounting department for short-term assignments or long-term engagements—so you can focus on your business.

Attest services are provided by BDMP Assurance, LLP, a licensed CPA firm.



With offices and employees located in 40+ states—
wherever you are based, we look forward to working together.

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