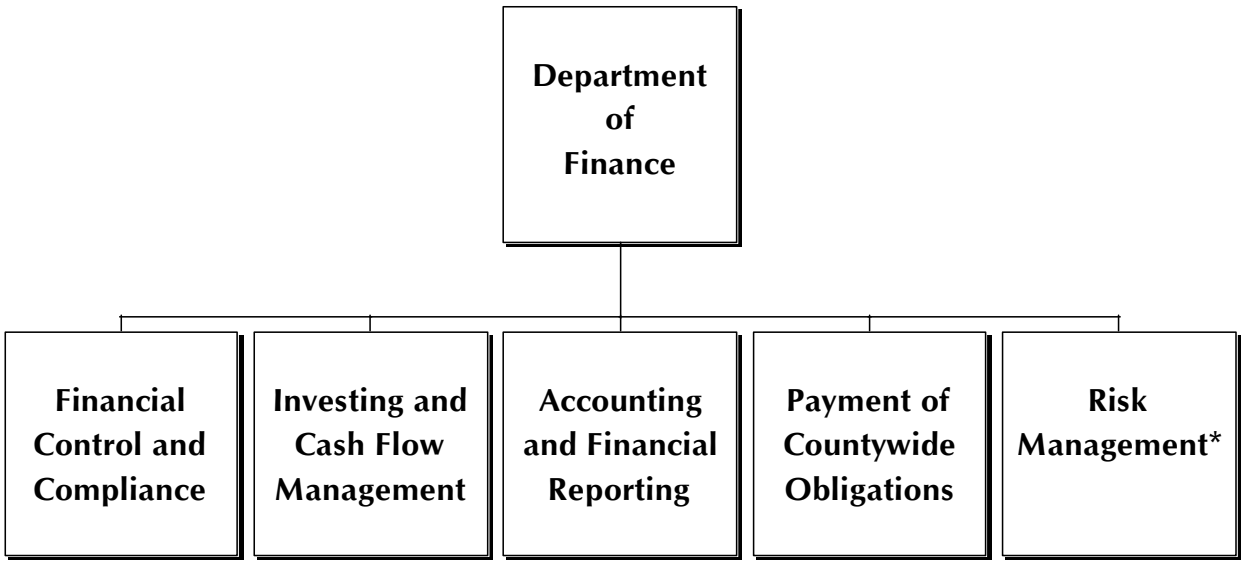
Department of Finance



* The Risk Management budget and program information are reported separately in Fund 501, the County Insurance Fund.

Mission

To protect and maintain the fiscal integrity and financial solvency of the County government.

Focus

The Department of Finance serves the residents of Fairfax County, its vendors and partners, and agencies throughout the County. The department's five business areas are Financial Control and Compliance, Investing and Cash Flow Management, Accounting and Financial Reporting, Payment of Countywide Obligations and Risk Management, all of which work together to meet the department's core business functions. These functions include: collecting non-tax revenue; ensuring accurate processing of financial transactions; investing County cash resources prudently and effectively; identifying and mitigating risk of loss of County financial resources; paying countywide obligations; and ensuring timely reporting of financial data to the governing body, rating agencies, and the public.

In order to provide optimal service to its customers, the department remains cognizant of the following:

- Partnering with other County departments to make the most efficient use of resources is essential to achieving related objectives;
- Internal resources must be leveraged to accomplish the department's mission. This may require analyzing and re-engineering business processes; improving support systems; and using cross-functional approaches and shared resources;
- Changes in countywide requirements and priorities, federal and state legislation, and regulatory mandates require a flexible, responsive organization; and
- Customers expect and deserve high quality service and access to the most advanced technology available.

In FY 2012, the Department of Finance will continue to pursue its aggressive strategic plan that focuses on efficiency of operations through new technology and total customer satisfaction. The department will vigorously pursue automated tools and techniques in all business areas to reduce costs and increase returns.

Budget and Staff Resources

Agency Summary				
Category	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan
Authorized Positions/Staff Years				
Regular	62/ 62	62/ 62	64/ 64	64/ 64
Expenditures:				
Personnel Services	$4,241,038	$4,235,428	$4,235,428	$4,235,428
Operating Expenses	4,668,405	5,031,778	5,267,223	5,031,778
Capital Equipment	0	0	19,305	0
Subtotal	**$8,909,443**	**$9,267,206**	**$9,521,956**	**$9,267,206**
Less:				
Recovered Costs	($411,342)	($751,697)	($751,697)	($751,697)
Total Expenditures	**$8,498,101**	**$8,515,509**	**$8,770,259**	**$8,515,509**
Income:				
State Shared Finance Expenses	$335,191	$238,868	$238,868	$238,868
State Shared Retirement - Finance	8,380	8,579	8,579	8,579
Total Income	**$343,571**	**$247,447**	**$247,447**	**$247,447**
Net Cost to the County	**$8,154,530**	**$8,268,062**	**$8,522,812**	**$8,268,062**

FY 2012 Funding Adjustments

The following funding adjustments from the FY 2011 Adopted Budget Plan are necessary to support the FY 2012 program:

- **Employee Compensation** **$0**
  It should be noted that no funding is included for pay for performance or market rate adjustments in FY 2012.

- **Reductions** **$0**
  It should be noted that no reductions to balance the FY 2012 budget are included in this agency based on limited ability to generate additional personnel savings.

Changes to FY 2011 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2011 Revised Budget Plan since passage of the FY 2011 Adopted Budget Plan. Included are all adjustments made as part of the FY 2010 Carryover Review, and all other approved changes through December 31, 2010:

- **Carryover Adjustments** **$254,750**
  As part of the *FY 2010 Carryover Review*, the Board of Supervisors approved encumbered funding of $254,750 in Operating Expenses.

- **Position Changes** **$0**
  As part of the FY 2011 review of County position categories, a conversion of 2/2.0 SYE positions has been made. The status of limited term positions was reviewed in light of recent changes to federal regulations related to health care and other federal tax requirements. As a result of this review a number of existing limited term positions have been converted to Merit Regular status.

Cost Centers

The four cost centers of the Department of Finance are Financial Control and Compliance, Investing and Cash Flow Management, Accounting and Financial Reporting, and Payment of Countywide Obligations. These distinct program areas work to fulfill the mission and carry out the key initiatives of the Department of Finance.

Financial Control and Compliance

Funding Summary				
Category	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan
Authorized Positions/Staff Years				
Regular	23/ 23	23/ 23	25/ 25	25/ 25
Total Expenditures	**$3,272,134**	**$3,401,987**	**$3,424,862**	**$3,401,987**

Position Summary					
1	Director	1	Financial Reporting Manager	1	Info. Tech. Prog. Mgr. I
1	Chief, Finance Division	1	Business Analyst IV	1	Administrative Assistant IV
4	Accountants III	3	Business Analysts III	1	Administrative Assistant III
2	Accountants II	3	Business Analysts II	2	Administrative Assistants II
2	Accountants I	1	Business Analyst I	1	Administrative Associate
TOTAL POSITIONS					
25 Positions / 25.0 Staff Years					

Key Performance Measures

Goal

To continually maintain and improve the financial management systems used across the County in accordance with sound principles of internal control, minimizing inefficiencies or redundancies and assuring the integrity of data used by the public, the governing body and County managers.

Objectives

- To improve compliance and financial support activities in County agencies by facilitating access to, and implementation of, services and automated tools that resolve 88 percent of the issues identified as needing improvement.

- To ensure that 100 percent of bank accounts are reconciled within 30 days.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate/Actual	FY 2011	FY 2012
Output:					
Agency compliance and/or program support assessments completed	34	33	34 / 12	6	9
Average monthly bank transactions reconciled and resolved within established timeframe	42,941	41,150	41,241 / 38,278	37,460	33,048

Indicator	Prior Year Actuals FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate/Actual	Current Estimate FY 2011	Future Estimate FY 2012
Efficiency:					
Staff hours per agency compliance assessment and/or program support effort	39	38	39 / 38	39	38
Staff hours per 100 bank transactions	1.01	1.06	1.09 / 1.05	1.09	1.09
Service Quality:					
Average customer satisfaction rating of assessment and/or program support implementation effort	92%	91%	92% / 92%	92%	93%
Percent change of items requiring reconciliation	0.23%	0.01%	0.10% / 0.00%	0.10%	0.10%
Outcome:					
Percent of agency compliance assessment issues resolved and/or support efforts completed	88%	86%	88% / 90%	88%	88%
Percent of bank accounts reconciled within 30 days	100%	100%	100% / 100%	100%	100%

Performance Measurement Results

The Department of Finance (DOF) continues to monitor compliance with financial policy and to provide financial support to County agencies by facilitating the access to, and the implementation of, services and automated tools.

DOF expanded use of the Data Analysis Retrieval Tool (DART) throughout County agencies, making it a basic tool for most financial analysis and reporting. DART is an online financial reporting tool that leverages the County's web technology and allows users timely access to three years of financial data via reports published on the Infoweb. The capability empowers managers and administrators in a decentralized environment to better analyze and forecast financial information.

DOF also continues to work on improving access to County programs and services by making available convenient methods of payments, such as credit card and e-checks offered through Govolution, the County eCollections provider. Since its inception on July 1, 2003, over 3 million transactions have been processed through this system, collecting net revenue of approximately $400 million.

DOF sponsored its third eCollection Conference in FY 2010. This event provided a forum for agency managers and staff to learn about the different products and services available in the areas of electronic collections and banking. Over 100 managers and line staff from all revenue collecting departments as well as budget analysts working with those departments attended this half-day event.

The multi-year program of updating financial policies and procedures continues. Four policy documents were released in FY 2010.

During FY 2010, DOF's financial support hotline responded to 1,472 agency queries on policies, procedures, and use of the new Electronic Accounts Payable System.

Investing and Cash Flow Management

Funding Summary				
Category	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan
Authorized Positions/Staff Years				
Regular	8/ 8	8/ 8	8/ 8	8/ 8
Total Expenditures	**$714,026**	**$634,088**	**$634,088**	**$634,088**

Position Summary					
1	Deputy Director	1	Investment Manager	3	Investment Analysts
2	Accountants II	1	Administrative Assistant II		
TOTAL POSITIONS					
8 Positions / 8.0 Staff Years					

Key Performance Measures

Goal

To manage all bank relationships and cash for County agencies in order to ensure the prudent and safe investment of financial assets, maximize interest income and fund financial obligations.

Objectives

- To ensure that 98 percent of banking services fully meet customer expectations.
- To securely invest cash assets in order to meet daily cash flow requirements and to earn a rate of return that is at least 100 percent of industry-standard yield.
- To manage funds so that the target cash balance is met 100 percent of the time.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate/Actual	FY 2011	FY 2012
Output:					
Banking service transactions processed	463	103	200 / 214	150	150
Annual portfolio return achieved	4.5%	2.1%	1.5% / 0.9%	0.8%	0.6%
Total cash payment transactions conducted	1,910	1,439	2,000 / 1,353	1,500	1,300
Efficiency:					
Staff hours per 100 banking service transactions	180	180	180 / 180	180	180
Work years per 100 investment transactions	0.6	0.5	0.6 / 0.4	0.5	0.5
Staff hours per 1,000 cash flow transactions	35.0	35.0	35.0 / 35.0	35.0	35.0

Indicator	Prior Year Actuals FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate/Actual	Current Estimate FY 2011	Future Estimate FY 2012
Service Quality:					
Percent of customer satisfaction	98%	98%	98% / 98%	98%	98%
Percent of investment transactions in compliance with policy guidelines (i.e., without need of exception approval)	100.0%	100.0%	99.5% / 99.9%	99.5%	99.5%
Percent of days the un-invested cash balance does not fall outside target range	100%	99%	99% / 99%	99%	99%
Outcome:					
Percent of timely bank services fully meeting customer expectations	98%	98%	98% / 98%	98%	98%
Percent of industry-standard yield achieved	109%	142%	100% / 305%	150%	150%
Percent of days target cash balance was met	100%	100%	100% / 100%	100%	100%

Performance Measurement Results

The department responds to numerous requests for banking services, ranging from establishment of deposit accounts to creation of complex electronic revenue collection mechanisms. Regardless of the number of actions, County agencies look for timely and thorough responses to their needs. In FY 2010, the department maintained a strong level of customer satisfaction. In the four quarterly performance review sessions, attended by both customers and representatives of the County's bank, not one service issue carried forward to the next session as unresolved. New products and services have been identified and planned for implementation at the initiative of the division. During the fiscal year, financial markets responded to national economic stimulus efforts, yet interest rates remained stalled throughout the year. The department properly anticipated revenue declines and adjusted investment strategy to achieve and its revenue projections. Performance results show returns on investments exceeding those achieved by funds of comparable size and complexity. The County maintained liquidity to meet every cash need without reliance on a back-up credit facility or the need to sell any investment instrument prior to maturity. For the fourteenth consecutive year, the County's investment policy was awarded the Certificate of Excellence by the Association of Public Treasurers of the United States and Canada.

Accounting and Financial Reporting

Funding Summary				
Category	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan
Authorized Positions/Staff Years				
Regular	15/ 15	15/ 15	15/ 15	15/ 15
Total Expenditures	**$3,398,437**	**$3,564,832**	**$3,770,687**	**$3,564,832**

Position Summary					
1	Chief, Finance Division	5	Accountants III	1	Accountant I
3	Financial Reporting Managers	5	Accountants II		

TOTAL POSITIONS
15 Positions / 15.0 Staff Years

Key Performance Measures

Goal

To provide technical accounting oversight and guidance to County agencies to ensure that generally accepted accounting procedures, legal requirements and County policies and procedures are consistently applied; to maintain the integrity of the County's accounting records; and to fully satisfy all reporting requirements.

Objectives

- To provide technical oversight of accounting records by reviewing and analyzing financial records of all County agencies so that the County earns an unqualified audit opinion.
- To satisfy 100 percent of mandated requirements for all audited financial reports compiled, completed and issued by the Department of Finance.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate/Actual	FY 2011	FY 2012
Output:					
Fund/agency accounts reviewed and analyzed	142	143	142 / 142	146	143
Mandated reports issued	6	6	6 / 6	6	6
Efficiency:					
Staff hours per report issued	1,174	1,258	1,150 / 1,002	1,150	1,002
Staff hours per account reviewed and analyzed	77	64	70 / 59	70	59
Service Quality:					
Percent of accounts requiring no year-end adjustment	94%	95%	95% / 94%	95%	94%
Awarded the Government of Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes / Yes	Yes	Yes
Outcome:					
Unqualified audit opinions	Yes	Yes	Yes / Yes	Yes	Yes
Percent of mandated requirements satisfied for all audited financial reports issued by the Department of Finance	100%	100%	100% / 100%	100%	100%

Performance Measurement Results

The County met all statutory, regulatory and external mandates for timely, comprehensive financial reporting. For 32 consecutive years, the high quality of the County's Comprehensive Annual Financial Report has earned the Certification of Achievement for Excellence in Financial Reporting awarded through peer review by the Government Finance Officers Association of the United States and Canada.

Payment of Countywide Obligations

Funding Summary				
Category	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan
Authorized Positions/Staff Years				
Regular	16/ 16	16/ 16	16/ 16	16/ 16
Total Expenditures	**$1,113,504**	**$914,602**	**$940,622**	**$914,602**

Position Summary					
1	Chief, Finance Division	2	Accountants II	1	Administrative Associate
1	Financial Reporting Manager	1	Accountant I	1	Administrative Assistant II
1	Management Analyst III	3	Administrative Assistants V		
1	Accountant III	4	Administrative Assistants IV		
TOTAL POSITIONS					
16 Positions / 16.0 Staff Years					

Key Performance Measures

Goal

To provide guidance and oversight in fiscal management practices in order to maintain the highest level of accountability and to provide accurate and timely financial performance information to County agencies and external customers.

Objectives

- To provide analysis, training and customer support to decentralized accounts payable operations to ensure payments initiated by County agencies comply with County policies; to obtain available discounts for prompt payments; and to ensure that at least 97 percent of obligations are paid accurately and on time.

- To increase processing efficiency by at least 5 percent by developing and implementing electronic commerce initiatives associated with accounts payable and payment production programs.

- To produce checks and electronic transfers in payment of County obligations on the authorized payment date while maintaining a fully satisfactory payee rating of 97 percent or greater.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate/Actual	FY 2011	FY 2012
Output:					
Adjustments or corrections to payment transactions	3,130	2,385	2,408 / 2,227	2,350	2,200
Checks and electronic payments initiated	288,186	268,599	269,942 / 250,119	251,370	252,626
Payments processed utilizing e-commerce initiatives	41,753	41,435	41,435 / 40,194	40,194	40,194

Indicator	Prior Year Actuals FY 2008 Actual	FY 2009 Actual	FY 2010 Estimate/Actual	Current Estimate FY 2011	Future Estimate FY 2012
Efficiency:					
Staff hours of proactive data analysis per adjustment or correction	0.17	0.18	0.22 / 0.22	0.22	0.22
Cost per payment (check or transfer)	$0.450	$0.362	$0.361 / $0.359	$0.358	$0.357
Staff hours used to research, develop and implement e-commerce payments	0.14	0.13	0.15 / 0.12	0.13	0.13
Service Quality:					
Percent of customers fully satisfied with service provided	97.0%	100.0%	97.0% / 86.0%	91.0%	91.0%
Percent of payments issued by due date	96.0%	95.0%	97.0% / 96.0%	95.0%	97.0%
Percent of agencies fully satisfied with e-commerce initiatives	97%	97%	97% / 97%	97%	97%
Outcome:					
Percentage of countywide obligations paid without requiring adjustment or correction	99.0%	99.0%	97.0% / 99.0%	97.0%	97.0%
Percent change in processing efficiency resulting from use of e-commerce	7.0%	6.0%	5.0% / 6.0%	5.0%	5.0%
Percent of payees rating payment system fully satisfactory	100%	96%	97% / 98%	97%	97%

Performance Measurement Results

The accounts payable and check writing operations are joined in a common business area to capture the benefits of enhanced teamwork and to facilitate future process reengineering. A multi-year project to enhance the processing of accounts payable continues. Application and platform upgrades to the Electronic Accounts Payable System (EAPS) were launched in FY 2010. EAPS allows for centralized front-end scanning of vendor invoices and capture of payment data to eliminate considerable manual processing to pay bills. Each invoice is routed electronically to the appropriate agency based on a mailstop location code provided on the invoices by the vendors. Invoices are matched to the original purchase authorization and routed electronically for approval and online posting to the electronic County and Schools accounts payable system. This new system has dramatically reduced the time and effort to process and pay invoices and enables the County to take greater advantage of early-payment discounts.

The County contracts with a third-party vendor to provide utility bill payment services. The scope of this program includes the payment of the County's natural gas and electric utility bills by consolidated electronic bank transfers and provides staff across the County Internet access to view invoices and energy-usage reports. The energy-usage reports will allow County agencies to manage their energy usage more efficiently. Currently, 11 agencies are participating in the program to manage over 11,000 utility bills.