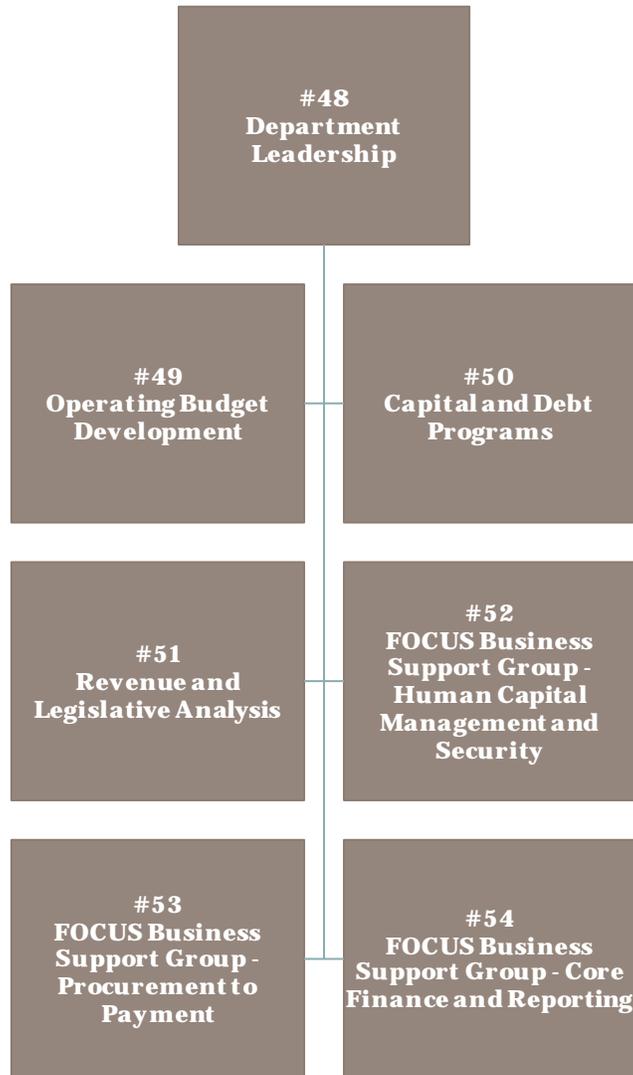


Department of Management and Budget



Department Overview

The Department of Management and Budget (DMB) provides financial and analytical consultant services; develops, implements and monitors the County's budget; and produces information for Fairfax County agencies, the Board of Supervisors, the County Executive, and residents in order to maintain the County's fiscal integrity and accountability, as well as to support effective decision-making. The department also conducts revenue forecasting and prepares studies and reports to facilitate ongoing strategic planning, evaluation, and decision-making by the County Executive and the Board of Supervisors.

DMB oversees the sale of bonds to fund the majority of the County's capital program, including school construction. Staff coordinates special financings in order for the County to take advantage of opportunities to provide critical facilities in a timely, cost-effective manner. In addition, the department is the lead agency responsible for coordination and development of the County's Capital Improvement Program (CIP). Providing fiscal impact analysis for proposed legislation and coordinating requests for federal legislation are other important functions that this agency addresses. In addition, the department serves as the centralized functional support organization for the County's enterprise resource planning system, FOCUS.

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DMB also coordinates the County's performance measurement program and other managing for results activities. This includes overseeing the County's participation in the International City/County Management Association's (ICMA) comparative data initiative where 15 service areas are benchmarked annually and comparisons of efficiency and effectiveness are included in the annual budget document. In July 2014, Fairfax County was awarded ICMA's Certificate of Excellence, its highest level of recognition for excellence in performance measurement, for the sixth consecutive year. Only 29 of 160 jurisdictions participating in ICMA's Center for Performance Measurement earned this prestigious award in 2014. Additionally, as part of the GFOA Distinguished Budget Presentation Award, GFOA also recognized the County with a Special Performance Measures Recognition.

DMB continues to partner successfully with the Department of Human Resources and all agencies to integrate workforce planning into County business operations in order to ensure that appropriate staffing resources are available to achieve strategic goals and objectives. This proactive focus enables the County to anticipate needs and collaborate on the most cost-effective means of meeting those needs.

The department is also home to the centralized functional support group for the County's enterprise resource planning system (FOCUS). FOCUS was implemented to replace the County's aging legacy systems, including the financial, purchasing, personnel and budget systems for the County and the Fairfax County Public Schools. The core financial and purchasing modules of the new system were implemented in the fall of 2011, and the Human Capital Management (HCM) module went live at the end of FY 2012. During the FY 2014 budget process, a new cost center within DMB was created as the result of a reorganization of staff from various agencies within the County. This reorganization consolidated the centralized functional support organization for the FOCUS system under the Department of Management and Budget within the FOCUS Business Support Group (FBSG) cost center. The consolidation of the FBSG under the Department of Management and Budget established a direct link to the Chief Financial Officer and offers direct oversight of the post-production support organization by the lead of financial processes.

Several business process owner agencies (including the Department of Human Resources, Department of Procurement and Material Management, Department of Management and Budget, and Department of Finance) provided functional staff to serve as project team members and demonstrated an investment and commitment to the FOCUS project during implementation. With the knowledge, understanding, skills, and experience of the Fairfax business process requirements, FOCUS project team members also became experts in SAP (the application purchased by the County for the enterprise resource planning system) to manage continuous improvement and functionality for FOCUS. Staff in these positions were prime candidates for staffing the FBSG. As a result, the 26/26.0 FTE positions supporting FOCUS were all transferred from the business process owner agencies and no new positions were created, resulting in no net increase to the General Fund.

The implementation of an enterprise resource planning solution requires a high level of coordination across organizations/departments, expert knowledge of the ERP solution, and clear definition of the business process requirements to carefully coordinate system and business requirements. After go-live, the FBSG was created to develop and maintain functional application experts for business process requirement support, configuration, administration, and reporting. The organization was designed to interact with the Department of Information Technology (DIT), end users, and the business stakeholders and provide sustainable support that remains business-focused. The FBSG is primarily responsible for partnering with agencies to drive continuous improvement, optimize system usage and investment, and maintain and support the software.

The FOCUS system is used by all agencies within Fairfax County Government and Fairfax County Public Schools to conduct budget, financial, procurement, and inventory management functions and is also used by Fairfax County Government for human resource functions. In concert with staff from DIT, who serve as the technical system administrators for the FOCUS system, through provision of application development support and overall maintenance of the core, underlying technology infrastructure environment (See LOB #140 Agencies Software Solutions and Development Support, LOB #133 Cybersecurity, and LOB #141 Technology Infrastructure/LOB #302 Technology Infrastructure) the FBSG and DIT create a cross-agency team of trained staff experts on the SAP enterprise resource planning (ERP) application.

Department of Management and Budget

The FBSG's primary customers are the core business areas. Understanding business processes and meeting the needs of the agencies that develop the policies and procedures for Fairfax at large is paramount to designing and maintaining a system that can ultimately support the end users. As part of the overall mission of the FBSG, ERP staff experts proactively partner with business process owners from the Department of Finance, the Department of Procurement and Material Management, the Department of Human Resources, the Department of Management and Budget, the Department of Tax Administration and Fairfax County Public Schools to ensure that they receive the support and consultation they need to determine how policies, procedures and internal controls should be applied in the system to ensure that system functionality integrates with business objectives. These staff experts analyze business requirements and determine the appropriate technology options to meet business process owner and end user needs. In addition, ongoing work is being performed to include required upgrades and turning on functionality. The use of staff experts insures that this work can be done in-house with minimal cost.

Department Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
FUNDING			
<u>Expenditures:</u>			
Compensation	\$3,921,832	\$4,034,185	\$4,349,992
Operating Expenses	363,723	390,559	189,319
Total Expenditures	\$4,285,555	\$4,424,744	\$4,539,311
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$4,285,555	\$4,424,744	\$4,539,311
POSITIONS			
<i>Authorized Positions/Full-Time Equivalents (FTEs)</i>			
<u>Positions:</u>			
Regular	54 / 54	54 / 54	52 / 52
Total Positions	54 / 54	54 / 54	52 / 52

Lines of Business Summary

LOB #	LOB Title	FY 2016 Adopted	
		Disbursements	Positions
48	Department Leadership	\$530,844	5
49	Operating Budget Development	1,272,718	16
50	Capital and Debt Programs	398,741	4
51	Revenue and Legislative Analysis	305,315	3
52	FOCUS Business Support Group - Human Capital Management and Security	731,143	8
53	FOCUS Business Support Group - Procurement to Payment	689,209	8
54	FOCUS Business Support Group - Core Finance and Reporting	611,341	8
Total		\$4,539,311	52

Lines of Business

LOB #48:

DEPARTMENT LEADERSHIP

Purpose

The Department of Management and Budget (DMB) provides financial and analytical consultant services; develops, implements and monitors the County's budget; and produces information for Fairfax County agencies, the Board of Supervisors, the County Executive, and residents in order to maintain the County's fiscal integrity and accountability, as well as to support effective decision-making. In addition, the department serves as the centralized functional support organization for the County's enterprise resource planning system, FOCUS. This LOB includes strategic direction, management, and oversight of countywide budget-related activities and centralized support of the FOCUS enterprise resource planning solution.

Description

The Leadership and Management LOB provides direction, leadership, and oversight to the department. This includes performing the function of the Chief Financial Officer (CFO) for Fairfax County Government. The role of the CFO is to lead the financial management and budget operations and be responsible for oversight of the departments of Tax Administration, Finance, and Procurement and Material Management (formerly the Department of Purchasing and Supply Management). The CFO also serves as a liaison with the County's Office of the Internal Auditor and the Retirement Administration Agency.

The Leadership LOB establishes strategic goals for the budget, CIP/Debt Management programs, revenue and fiscal analysis, and the FOCUS Business Support Group (FBSG) that embrace innovative solutions and improve efficiency and savings. Through policy and procedures, the Leadership LOB works to ensure that strong budgetary controls are in place and operating effectively throughout the organization, thus enabling the County to get the most value for each taxpayer dollar. In addition, this LOB provides project management oversight, engages strategic thinking for new opportunities, promotes consistent change management practices, and ensures that the ERP platform remains functional, compliant, and current and that the County continues to leverage its' investment in the ERP solution.

Benefits

The LOB provides a significant benefit to the County by serving as a key component in ensuring that strong budgetary controls are in place and operating effectively throughout the organization. This is in alignment with tenets of the County's *Ten Principles of Sound Financial Management*. The oversight role of the Department of Management and Budget benefits the County through the formation of policy/procedure guidance, training decentralized budget staff, and serving as an overall consultant and resource for issues that have a fiscal impact to the County. The LOB also serves to ensure that mandated and administratively required budgetary, CIP, debt management, and revenue forecasting activities are carried out in accordance with the Code of Virginia, as well as federal regulatory requirements.

Centralized support of the FOCUS enterprise resource planning solution, staffed with functional subject matter experts that can have knowledge in both County business and ERP-specific skills, results in better overall utilization and lower costs instead of IT resources being dispersed throughout agencies and not effectively coordinated.

- Centralized planning and prioritization of all medium to large application development projects
- Optimizes use of IT resources, knowledge and expertise and achieves efficient use of software maintenance resources and cost

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- Transforms data into information for better management decision making across systems
- Leverages repeatable processes for development and reporting
- Works in partnership with other teams supporting other ERP modules to standardize methodology and provide consistency across business processes and transactions for more predictable customer service outcomes
- Departmental resources can focus on business needs, thus allowing better use of staffing in departments
- Focuses on Business Process Owner engagement in all aspects of the process to meet business changes and requirements to providing successful outcomes and improved customer satisfaction.
- Leverages customer feedback gleaned from multiple avenues of interaction: Business Process owner feedback, help desk tickets, trends across modules, outreach, and communication, to maintain a high-functioning system.
- Allows quick assembly of the correct resources across modules to triage, troubleshoot, and plan for systems changes/issues/enhancements.

Mandates

This LOB is not a state or federal mandate, but it is responsible for providing management and oversight for the other department LOBs that are governed by state or federal mandates and compliance policies which must be performed under County, state, and/or federal guidelines.

Trends and Challenges

As a growing and increasingly diverse community, Fairfax County faces significant budget challenges regarding increasing demands for services, as well as how to fund them. In addition to requirements associated with population growth, Fairfax County's budget has been impacted by external factors such as restrictions on revenue diversification that severely limit the County's flexibility in addressing budget requirements and also continue to place a disproportionate burden on property owners, particularly residential taxpayers. At the same time, the County faces the dual challenges of maintaining an aging infrastructure, while addressing the needs of a growing population that requires additional facilities.

To help address some of these challenges, and in recognition of the restrained revenue growth in the current fiscal environment, the department is spearheading an effort to comprehensively review the County's Lines of Business (LOBs) in FY 2016. The LOBs exercise will offer several benefits. First, it will provide a framework of the County's numerous programs and promote discussion of the necessity of those services. With a focus on performance metrics, it will also allow Board members and residents to gain a better understanding of the effectiveness and efficiency of individual County programs. Lastly, through a multi-year process, the LOBs initiative will provide a basis for services to be reduced or eliminated based on thorough evaluations and allow for the creation of a sustainable financial plan. Through every phase of the initiative, the department will be working closely with the Board of Supervisors, the County Executive, and other members of senior management to ensure that the LOBs exercise is a valuable tool, for both educational purposes and decision-making.

A continuing return on investment for the FOCUS system will be defined by the ongoing direction and commitment to maintaining and upgrading the enterprise resource planning application. As an element of a standard maintenance process for an ERP, a post-implementation review was completed and a strategy developed to maintain FOCUS. The assessment from the independent study was that Fairfax County's implementation, compared with public sector organizations of like or larger size, was successful. The assessment noted the robust business functionality offered, including ECC 6.0, Supplier Resource Management (SRM) 7.0 with Procurement for the Public Sector (PPS), and Human Capital Management (HCM). In addition, the report identified a need for a lifecycle strategy for planned enhancements, upgrades, fixes, and regular reviews. The FBSG, in collaboration with DIT, has developed and will continue to refine the lifecycle strategy for planned enhancements, upgrades, fixes, and regular reviews of the ERP

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solution. In an integrated resource planning solution, these updates require significant planning, communication and outreach to ensure the least amount of disruption to end user expectations for 24x7 availability and the critical business operations that must be completed in a timely fashion to meet state, federal, County and FCPS mandates, policies and regulations. The FBSG, in collaboration DIT, has implemented multiple software updates as part of regular system maintenance and required updates to aid in the accurate implementation of payroll year-end processing. In addition, beginning in 2015, the County began the process of implementing an overall version upgrade of the enterprise resource planning solution to ensure compliance and offer increased functionality leading to increased efficiency.

The administration of a complex integrated system should not be underestimated. The key challenge is a rationalized approach which allows the County to keep pace with technology changes as benefits are obvious that also considers budgetary constraints. Additionally, demand for newer technologies continues to grow. Future initiatives will focus on promoting employee engagement and higher levels of productivity. The following are some examples of anticipated trends and challenges:

- End user expectations of high performance, high visibility, and high availability; 24 x 7 applications with no down time increases demands upon both staff and budget resources
- Planned maintenance to keep systems available, operational, and secure
- Establishment of archival and data retention policies in accordance with business process requirements.
- Mobility to enable users to perform County business from anywhere reliably and securely
- Continuing to leverage FOCUS functionality to meet business requirements and enhance interfaces with other systems of record.
- Expansion of the data warehouse to aid end users and assist in management decision making and predictive analytics
- Continuing to enhance the failover system to ensure all FOCUS data is replicated to a secure third-party off-site location, providing a full backup of all data and ability for FOCUS to continue to remain operational in the event of a catastrophic event.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #48: Department Leadership			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$575,569	\$548,166	\$508,704
Operating Expenses	53,380	53,069	22,140
Total Expenditures	\$628,949	\$601,235	\$530,844
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$628,949	\$601,235	\$530,844
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	5 / 5	5 / 5	5 / 5
Total Positions	5 / 5	5 / 5	5 / 5

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
GFOA Distinguished Budget Presentation Award	Yes	Yes	Yes	Yes	Yes
Bond Rating of AAA/Aaa/AAA	Yes	Yes	Yes	Yes	Yes
Number of FOCUS System Upgrades and Other Major Initiatives (Overall)	21	32	62	50	50

The metrics for this LOB indicate that the Department of Management and Budget is diligent in the budgetary and fiscal management of the County and consistently exceeds the minimum requirements to prepare annual budgetary information that evidence the spirit of transparency and full disclosure.

GFOA Distinguished Budget Presentation Award:

The critical role that the Department of Management and Budget has of maintaining the fiscal integrity of the County's funds requires that budgetary controls be managed and maintained. The Department of Management and Budget is committed to ensuring that these functions happen without issue and have achieved 100 percent completion of these duties within the required timeframes.

Bond Rating of AAA/Aaa/AAA:

The County holds a Aaa from Moody's Investors Service (awarded 1975), a AAA from Standard and Poor's Ratings Service (awarded 1978), and a AAA from Fitch Ratings (awarded 1997). As of May 2015, Fairfax County is one of only 10 states, 40 counties, and 30 cities to hold a triple-A rating from all three services.

Number of FOCUS System Upgrades and Other Major Initiatives (Overall):

The implementation of an enterprise resource planning solution requires a high level of coordination across organizations/departments, expert knowledge of the ERP solution, and clear definition of the business process requirements to carefully coordinate system and business requirements. A functional support organization is primarily responsible for partnering with agencies to drive continuous improvement, optimize system usage and investment, and maintain and support the software.

Department of Management and Budget

LOB #49:

OPERATING BUDGET DEVELOPMENT

Purpose

The Operating Budget Development LOB coordinates the development of a sound fiscal plan for the County that reflects community priorities and responsible resource allocation and fulfills all legal requirements. This LOB is additionally responsible for ensuring the effective execution of the County's budget once adopted by the Board of Supervisors.

Description

The Operating Budget Development LOB coordinates the County's annual budget formulation process, which includes a comprehensive financial forecast, development of budget guidelines, analysis of agency requests, presentation of recommendations to the County Executive, preparation of the Advertised Budget Plan, support of deliberations by the Board of Supervisors, and preparation of the Adopted Budget Plan, which exceeds \$7 billion for all funds, including over \$3 billion for General Fund Disbursements.

Annually, the Operating Budget Development LOB reviews over 200 agency budget requests and prepares estimates for over 300 tax and revenue categories for County funds, departments, grants, and projects. The annual Fairfax County budget process is an ongoing cyclical process simultaneously looking at three fiscal years (current and two future years). The budget year officially starts on July 1; however, the budget process itself is a continuum which involves both the current year budget and the next two fiscal years' budgets.

One of the primary responsibilities of the Operating Budget Development LOB is to coordinate and facilitate the successful execution and appropriation of the future year budget. This includes the preparation, production, and dissemination of the Advertised Budget Plan, the annual budget proposed by the County Executive for County general government operations for the upcoming fiscal year, which runs from July 1 through June 30. The Advertised Budget Plan is based on estimates of projected expenditures for County programs and it provides the means for paying for these expenditures through estimated revenues. According to the [Code of Virginia](#), the Board of Supervisors must approve a tax rate and adopt a budget for informative and planning purposes no later than the beginning of the fiscal year (July 1). Following extensive review, deliberation and public hearings to receive input from County residents on the County Executive's Advertised Budget Plan, the Board of Supervisors formally approves the Adopted Budget Plan typically in late April in order to satisfy the requirement that the Board of Supervisors approve a transfer to the Fairfax County School Board by May 1, or within 30 days of receiving state revenue estimates from the state, whichever is later.

In addition, staff in this LOB monitor current year budgets and review expenditure and revenue levels. Staff coordinate with agencies if trends indicate any potential over-expenditures or revenue shortfalls so corrective action can be taken early. Changes to the current year budget are made at the Third Quarter Review and the Carryover Review. This LOB is responsible for the countywide budget review at the Third Quarter Review to ensure conformance with spending limits and revenue estimates and the budgetary review at the close of each fiscal year to carry appropriations into the next fiscal year in support of continuing financial obligations (the Carryover Review).

The Operating Budget Development LOB maintains the County's budgeted position count, projects personnel costs for all agencies, including projections associated with pay for performance, merit increments for public safety, and other compensation-related adjustments, and analyzes the fiscal impact of benefit and retirement changes, and other cross-County issues with a budgetary or fiscal impact. Staff in this LOB also review approximately 200 Board items with a fiscal impact each year.

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In addition, the Operating Budget Development LOB provides oversight of County contributions to various nonsectarian, nonprofit, or quasi-governmental organizations whose mission is to improve the general health and welfare of the community. Funding of these contributory agencies is contingent upon submission and review of quarterly financial reports.

Staff in this LOB also manage the department's extensive website. In addition to the availability online of all of the County's published budget volumes, additional budgetary information including quarterly reviews, budget calendars, economic data, and historical files is available on the DMB's website at www.fairfaxcounty.gov/dmb/. The department has focused resources on expanding public access to essential information at all stages of the budget formulation process in order to afford residents a better understanding of their County government, the services it offers, and the role they can play. On the site, residents can access a County Budget Primer, whereby they can look up budget terms and find answers to common budget questions. On each page, residents can also provide feedback on the website itself and offer suggestions of what additional information might be helpful to them in understanding the County's budget.

The County also has a useful transparency website at www.fairfaxcounty.gov/transparency/ which enables the public to view amounts paid to County vendors. Visitors can view budgetary data and actual expenditures by Fund or General Fund agency each month. Fairfax County Public Schools also hosts its own transparency website - <http://www.fcps.edu/fs/transparency/index.shtml> - where data specific to FCPS funds, departments, and schools, can be viewed. Used in collaboration with information already available to residents, such as the County's budget and the Comprehensive Annual Financial Report, the transparency initiative provides residents with an additional tool to learn more about the County's overall finances or focus on specific areas of interest.

Benefits

A budget is a fiscal plan that enables the County to plan for the future, measure the performance of County services, and help the public to understand where revenues come from and how they are spent on County services. The budget reflects the estimated costs of operation for the County's programs, services, and activities. The budget serves many purposes and addresses different needs depending on the "audience" including, County residents, federal and state regulatory authorities, elected officials, other local governments, taxpayers or County staff. The budget must comply with the Code of Virginia and regulatory requirements. Fairfax County is required to undergo an annual financial audit by independent auditors. Thus, the budget outlines the required information to serve legal and financial reporting requirements. The budget is prepared and organized within a defined basis of budgeting and financial structure to meet regulatory and managerial reporting categories of expenditures and revenues.

Through its strong fiscal and debt management practices and adherence to the County's established financial policies, DMB has played in a key role in maintaining the County's Triple A rating from all three bond rating agencies (Standard and Poor's, Moody's, and Fitch Investors Service) which has resulted in the bond sale savings totaling more than \$470 million since 1975.

As a measure of the quality of its budget preparation, Fairfax County was awarded the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award by meeting rigorous criteria for the budget as a policy document, financial plan, operations guide and communications device for the 30th consecutive year. The department will continue to build on this success for future budget documents in order to enhance the accountability, transparency, and usefulness of the budget documents.

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Mandates

The Code of Virginia (§§15.2-516 and 2503) requires that the County Executive submit a proposed budget to the Board of County Supervisors no later than April 1 for the upcoming fiscal year.

Sections 15.2-2506, 58.1-3007, and 58.1-3321 of the Code of Virginia govern the public notice requirements that guide the County's budget review and public comment period. After receipt of the proposed budget, the first action by the Board of Supervisors (BOS) is to authorize the advertisement of the proposed tax and levy rates. Once the proposed rate is advertised, the BOS can adopt lower tax and levy rates, but cannot, without additional advertisement, adopt higher rates. The timing of the advertisement is tied to the amount of increased revenue anticipated by the proposed rate. The Code of Virginia also requires the BOS to hold public hearings on the proposed budget and the proposed tax and levy rates to collect public comment. The County prepares and approves an annual budget in compliance with sound financial practices, generally accepted accounting principles, and the provisions of the Code of Virginia which control the preparation, consideration, adoption, and execution of the County budget.

The County's budget is prepared in accordance with "Generally Accepted Accounting Principles" (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia (APA). These principles are also used to prepare the County's audited Comprehensive Annual Financial Report (CAFR).

As required by the Code of Virginia (§ 15.2-2503), the County Executive must submit to the Board of County Supervisors a proposed budget, or fiscal plan, on or before April 1 of each year for the fiscal year beginning July 1. All local governments in the Commonwealth of Virginia must adopt a balanced budget as a requirement of state law no later than by July 1. A budget is balanced when projected total funds available equal total disbursements, including established reserves.

Trends and Challenges

The challenge for DMB for the coming fiscal years will be to develop a balanced budget that meets community, infrastructure, and organizational needs during times of continued population growth, increasing economic uncertainty, and slowing revenues.

DMB continues to undertake efforts to streamline operations by ensuring that technology is fully leveraged and that budget-related procedures add value to the process, both in terms of quality and type of data presented to the public and the Board of Supervisors, and in order to address the needs of a growing population without adding staff and to provide more time for value-added analysis. For example, the annual budget (Volumes 1 and 2, as well as the Overview) is available on CD-ROM, to reduce printing and mailing costs, and on the County's Internet site to enable the public to search for information more efficiently. As DMB has increased the amount and type of information available to the public, including quarterly budget reviews as well as the annual budget, citizens are accessing this information more frequently. DMB staff will continue to identify and implement enhancements both to published documents and information presented on DMB's Internet homepage in order to improve public access, and on its intranet sites to improve efficiency and enhance communication between agencies.

Department of Management and Budget

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #49: Operating Budget Development			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$1,020,340	\$1,141,521	\$1,219,638
Operating Expenses	94,629	110,514	53,080
Total Expenditures	\$1,114,969	\$1,252,035	\$1,272,718
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$1,114,969	\$1,252,035	\$1,272,718
POSITIONS			
<i>Authorized Positions/Full-Time Equivalents (FTEs)</i>			
<u>Positions:</u>			
Regular	18 / 18	17 / 17	16 / 16
Total Positions	18 / 18	17 / 17	16 / 16

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Total County Expenditures (in millions)	\$3,379.84	\$3,511.13	\$3,636.63	NA	NA
Percent variance in actual and projected expenditures	2.3%	2.1%	1.5%	2.0%	2.0%

Total County Expenditures (in millions):

Budget analysts in the Department of Management and Budget are responsible for creating forecasts, reviewing and analyzing budgetary requests, and consistently monitoring expenditures for 43 General Fund agencies and 76 other funds. In FY 2015, expenditures in all appropriated and non-appropriated funds (excluding Fairfax County Public Schools funds, before audit adjustments) totaled over \$3.6 billion. This represents an over 7 percent increase over the past two fiscal years as a result of growth and new funding streams, particularly in the area of transportation.

Percent variance in actual and projected expenditures:

The Department of Management and Budget continues to achieve considerable accuracy in forecasting expenditures. Over the past three years, the department has achieved variances below or slightly over the 2.0 percent target. In FY 2015, the variance between actual and projected General Fund expenditures was only 1.5 percent. This indicates very accurate fiscal forecasting and careful budget management to achieve savings.

LOB #50:

CAPITAL AND DEBT PROGRAMS

Purpose

The Capital and Debt Program LOB provides leadership to a multi-agency team developing the County's annual Capital Improvement Program (CIP). The CIP addresses the County's needs associated with the acquisition, expansion, and rehabilitation of facilities and other infrastructure. The CIP serves as a planning instrument to identify needed capital projects and coordinate the financing and timing of improvements in a way that maximizes the return to the public.

In addition, the Debt Program portion of this LOB provides oversight of the County's current and projected debt service payments. The Debt Program LOB administers the planning and analytical efforts associated with the various County municipal bond sales which support the CIP.

Description

The Capital portion of this LOB provides coordination and analysis associated with the development of the County's CIP. The CIP serves as a long-range plan and is reviewed and revised annually based on current circumstances and opportunities. Priorities may be changed due to funding opportunities or as the needs of the community become more defined. The development of the CIP includes communication and support to the Planning Commission, Board of Supervisors and other boards, authorities and commissions; education regarding the CIP process for user agencies; research to identify CIP best practices; prioritization of capital projects annually; and improvements to the organization, content and presentation of the CIP document. Staff develops the CIP as a planning instrument to identify needed capital projects and coordinates the financing and timing of improvements in a way that maximizes the return to the public. The Board-adopted Principles of Sound Capital Improvement Planning are integral in the development of the annual CIP.

The CIP is supported largely through long-term borrowing that is budgeted annually as debt service or from General Fund revenues on a pay-as-you-go basis. Staff develops and analyzes the annual pay-as-you-go capital budget, presents capital construction issues, and develops funding recommendations. The Board of Supervisors continues to emphasize the importance of maintaining a balance between pay-as-you-go financing and bond financing for capital projects. Financing capital projects from current revenues indicates the County's intent to show purposeful restraint in incurring long-term debt.

The Debt Program portion of the LOB provides oversight of the debt service expenditures for the general obligation bonds of the County, as well as the general obligation bonds for the Fairfax County Public Schools (FCPS). These bond sales are conducted on an annual basis following voter approved referendum for specific categories such as schools, public safety, transportation, parks, libraries, and human services. From 1999 through 2015, the County has approved \$3.93 billion of new debt via referendum, with \$2.62 billion for Schools and \$1.31 billion for the County.

In addition to the more traditional methods of long-term financing through general obligation bonds, the County has been able to accomplish major capital improvements through the use of alternative financing while maintaining the County's fiscal integrity as required by the *Ten Principles of Sound Financial Management (Ten Principles)*. Special financings are traditionally non-general obligation bond sales that employ the use of a financing conduit such as the Fairfax County Economic Development Authority (EDA), Residential Housing Authority (RHA), or the Virginia Resources Authority (VRA), and direct loans with select banking institutions. Revenues for debt service payments are derived principally from a transfer from the General Fund.

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The Board of Supervisors has adopted specific debt indicators within the *Ten Principles* to effectively manage the County's bonded indebtedness. The *Ten Principles* state that the County's debt ratios shall be maintained at the following levels:

- Net debt as a percentage of estimated market value should always remain less than 3.0 percent; and
- The ratio of debt service expenditures as a percentage of Combined General Fund disbursements should remain under 10.0 percent.

Staff also provides annual monitoring and review of other County debt financing and special tax districts that includes the following: Sewer Revenue Bonds as part of the Integrated Sewer System, which is a self-supporting Enterprise Fund; Dulles Rail Phase 1 Transportation Improvement District; Dulles Rail Phase 2 Transportation Improvement District; Tysons Service District; Route 28 Transportation Improvement District; and the Mosaic Community Development Authority. These financings have self-supporting revenue streams separate from the County's General Fund and have no impact on the County's aforementioned debt ratios.

Benefits

Programming capital facilities over time can promote better use of the County's limited financial resources and assist in the coordination of public and private development. In addition, the programming process is valuable as a means of coordinating and taking advantage of joint planning and development of facilities. The CIP process seeks to look beyond the current year at what, where, when, and how capital investments should be planned. Capital programming enables public organizations to maintain an effective level of service for both the present and future population.

As a result of County financial policies, prudent fiscal management and a strong economy, the County has been awarded the strongest credit rating possible from the three major national rating services. The County holds a Aaa from Moody's Investors Service (awarded 1975), a AAA from Standard and Poor's Ratings Service (awarded 1978), and a AAA from Fitch Ratings (awarded 1997). As of May 2015, Fairfax County is one of only 10 states, 40 counties, and 30 cities to hold a triple-A rating from all three services. Since 1975, the savings associated with the County's triple-A bond rating is estimated at \$470.9 million. Including savings from the various refunding sales, the total benefit to the County equates to \$702.5 million.

Mandates

There is no federal or state mandate for the debt program portion of this LOB. However, the CIP is prepared pursuant to § 15.2-2239 of the Code of Virginia, as amended, which reads:

"A local planning commission may, and at the direction of the governing body shall, prepare and revise annually a capital improvement program based on the comprehensive plan of the locality for a period not to exceed the ensuing five years. The commission shall submit the program annually to the governing body, or to the chief administrative officer or other official charged with preparation of the budget for the locality, at such time as it or he shall direct. The capital improvement program shall include the commission's recommendations, and estimates of cost of the facilities and life cycle costs, including any road improvement and any transportation improvement the locality chooses to include in its capital improvement plan and as provided for in the comprehensive plan, and the means of financing them, to be undertaken in the ensuing fiscal year and in a period not to exceed the next four years, as the basis of the capital budget for the locality. In the preparation of its capital budget recommendations, the commission shall consult with the chief administrative officer or other executive head of the government of the locality, the heads of departments and interested citizens and organizations and shall hold such public hearings as it deems necessary."

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Trends and Challenges

The County's infrastructure is aging and the need for renewal and renovation projects continues to grow. The CIP addresses future capital needs through the use of annual bond referendums that detail proposed capital investments for the County and FCPS. Bond proceeds will provide a majority of the funding required to address aging infrastructure and requirements for existing and new facilities. As a result, this LOB will continue diligent forecasting of out-year debt ratio projections utilizing conservative assumptions with respect to annual growth in revenue and assessed values, and projected interest rates.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #50: Capital and Debt Programs			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$428,524	\$373,342	\$382,111
Operating Expenses	39,743	36,144	16,630
Total Expenditures	\$468,267	\$409,486	\$398,741
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$468,267	\$409,486	\$398,741
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	4 / 4	4 / 4	4 / 4
Total Positions	4 / 4	4 / 4	4 / 4

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Dollar Value of General Obligation Bond Sales (millions)	\$206.34	\$264.30	\$248.10	\$249.72	\$274.14
Dollar Value of General Obligation Refunding Bond Sales (millions)	\$128.00	\$51.98	\$631.20	\$115.00	N/A
Interest rate for General Obligation Bond Sale (new money)	2.51%	2.84%	2.68%	TBD	TBD
Savings on New Money Bond Sales compared to Bond Buyer Index (millions)	\$25.14	\$46.07	\$22.04	TBD	TBD
Savings associated with refundings (millions)	\$12.21	\$4.38	\$18.48	TBD	TBD

Dollar Value of General Obligation Bond Sales or Refundings:

General Obligation bond sales (new money) are conducted following voter approved referendum for specific categories such as schools, public safety, transportation, parks, libraries, and human services. The County also monitors its outstanding debt for potential refunding (e.g., refinancing) opportunities for lower interest rates and debt service payments. In FY 2015, the County successfully completed three refunding bond sales, totaling \$631.2 million. For FY 2016, the County anticipates a new money bond sale and a refunding bond sale of \$364.72 million. For FY 2017, the County is forecasting a new money bond sale of \$274.14 million.

Interest Rate for Bond Sale:

The County assumes a 4 percent interest rate in all out-year debt forecasting for future bond sales. This conservative assumption ensures that the County remains under its debt ratio limit whereby annual debt service is not to exceed 10 percent of annual disbursements. In recent years, the County has benefitted from the low interest rate environment as illustrated by the rates received in FY 2013 (2.51 percent), FY 2014 (2.84 percent), and FY 2015 (2.68 percent). As the Federal Reserve makes adjustments to interest rates, the County will consider adjustments to out-year interest rate assumptions.

Savings on New Money Bond Sales Compared to Bond Buyer Index:

The Bond Buyer Index is published daily to track the interest rates received by all issuers of municipal bonds. The resulting composite of those rates is then compared to the rate received by the County, which has historically been much lower due to its strong triple A bond rating. The County is then able to calculate the corresponding lower debt service savings that its triple A bond rating helped it achieve than it would have otherwise received when compared to the Bond Buyer Index. Over the last thirty years, the differential between the rate on the County's bonds and the Bond Buyer Index has averaged 0.77 percent, which translates to a cumulative interest savings of \$470.9 million over the life of the bonds.

Savings associated with refundings:

The County has benefitted from a low interest rate environment as reflected in the net present value savings of \$35.1 million between FY 2013 and FY 2015. County refundings do not extend the original maturity of any bonds. The County monitors the opportunity to refund its outstanding debt obligations monthly.

Department of Management and Budget

LOB #51:

REVENUE AND LEGISLATIVE ANALYSIS

Purpose

The Revenue and Legislative Analysis LOB is responsible for revenue forecasting and legislative fiscal impact analysis. In addition, this LOB prepares studies and reports to facilitate ongoing strategic planning, evaluation, and decision-making by the County Executive and the Board of Supervisors.

Description

The Department of Management and Budget (DMB) conducts revenue forecasting and legislative fiscal impact analysis. In addition, this LOB prepares studies and reports to facilitate ongoing strategic planning, evaluation, and decision-making by the County Executive and the Board of Supervisors.

DMB staff monitors and forecasts over 300 tax and revenue categories using various statistical methods; tracks and analyzes trends in local and national economic data; produces the “Fairfax County Economic Indicators” newsletter; and conducts economic, statistical and quantitative analyses. DMB also conducts monthly review and modeling of major revenue categories (over 90 percent of the total) and quarterly analysis of minor revenue categories.

DMB determines the fiscal impact of legislative initiatives before the Virginia General Assembly, as well as proposals brought forward by commissions and other bodies associated with the Virginia legislature. In addition, analysis of federal legislation is conducted whenever a bill is introduced that will have a fiscal impact on Fairfax County. During the 2015 General Assembly session, staff reviewed over 200 House and Senate bills referred to DMB.

Benefits

DMB continues to achieve considerable accuracy in forecasting revenues. The FY 2015 target variance of 2 percent or less was achieved for revenues at 0.9 percent. This indicates very accurate fiscal forecasting and careful budget management.

Mandates

Revenue Forecasting/Economic Analysis is mandated by the Code of Virginia, §§ 15.2-2503 and 15.2-2504.

Trends and Challenges

Forecasting revenues is the foundation of the budgeting process. It provides the estimated level of resources available for County spending in the future. Accurate revenue forecasts are necessary to achieve a balance. Estimates should be conservative so that expenditures do not exceed revenues but reasonable so unnecessary tax rate increases are considered.

Revenue forecasting is especially challenging during times of economic uncertainty. Changes in employment and federal spending, for example, impact the housing and office markets which affect many of the County’s revenue sources such as Real Estate Taxes, Business, Professional and Occupational Licenses and Personal Property Taxes.

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Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #51: Revenue and Legislative Analysis			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$218,612	\$233,315	\$292,581
Operating Expenses	20,275	22,588	12,734
Total Expenditures	\$238,887	\$255,903	\$305,315
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$238,887	\$255,903	\$305,315
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	2 / 2	3 / 3	3 / 3
Total Positions	2 / 2	3 / 3	3 / 3

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Percent variance in actual and projected revenues	0.9%	0.3%	0.9%	2.0%	2.0%

A critical measure of accurate fiscal forecasting is minimal variance between projected and actual revenue. The Department of Management and Budget continues to be successful in projecting and managing the County's budget to achieve minimal variance between projected and actual revenues. During FY 2015, DMB exceeded the 2.0 percent target for revenue projections by achieving a variance of only 0.9 percent from the final General Fund budget estimate of \$3.71 billion.

Department of Management and Budget

LOB #52:

FOCUS BUSINESS SUPPORT GROUP - HUMAN CAPITAL MANAGEMENT AND SECURITY

Purpose

The FBSG Human Capital Management (HCM) team provides functional system administration oversight for the Human Capital Management modules in the FOCUS system including Payroll, Benefits Administration, Time Evaluation and Approval, Employee Self Service/Manager Self Service, Organizational Management and Personnel Administration. This team of subject matter experts provides functional program policy and governance support for human resources-related activities that impact the system and enables continuous improvement and smooth operation of the production systems. The HCM team works to improve upon the implementation and provide support for changing Human Capital Management business processes. In addition, this LOB includes the functional security team that provides overall management of security for end user access and processing in FOCUS. The Functional Security team creates and maintains roles and profiles for end users that control access and insure proper segregation of duties.

Description

The HCM modules are utilized by the entire workforce of approximately 18,000 which includes cyclical and part-time employees plus many volunteers. FOCUS is used to record time worked, process payroll actions, process payroll, manage benefits, and maintain the organization's structure.

The Human Capital Management portion of this LOB provides functional project and systems implementation planning and estimating, change management and enhancement prioritization, and project management leadership associated with the maintenance of current functionality and the implementation of new functionality for the following areas:

- TM (Time Management)
- BN (Benefits)
- PY (Payroll)
- OM (Organizational Management)
- PA (Personnel Administration)
- ESS/MSS (Employee/Manager Self-Service)

The staff in this LOB serve as the Functional Project Manager for major projects and in that work, are the subject matter expert leads and work with their counterparts in the Department of Information Technology to:

- Partner with business stakeholders to successfully perform critical business functions on a daily, weekly, bi-weekly, monthly or annual basis (e.g. payroll, W-2, benefits open enrollment)
- Monitor and manage inbound and outbound interface processing for systems that send data to and receive data from FOCUS.
- Investigate, diagnose, and resolve complex system-related problems.
- Perform configurations in the FOCUS system to implement new functionality or change existing functionality.
- Provide support during various audits being performed by the external auditor, the FCG or FCPS internal audit organizations, and the BOS or FCPS Board Auditor(s).

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- Participate in special projects, providing subject matter expertise, for applications that have a direct impact on or that will interface with FOCUS.

The primary business process owner is the Department of Human Resources (DHR), and the stakeholders include all payroll contacts, HR managers, and employees of Fairfax County Government. In that work, the HCM team conducts business process and systems analyses, applies in-depth SAP knowledge, subject matter expertise, and theoretical knowledge and experience in supporting highly complex functional system administration processes associated with the business and associated legislative and other legal and statutory requirements for human resources functionality. These professionals analyze business requirements and determine the appropriate ERP options to meet those needs through participation in special projects, providing HCM subject matter expertise for applications that have a direct impact on or that will interface with FOCUS. Examples include the Dell Identity Management implementation, the training software upgrade, and the implementation of the suite of Talent Management applications including e-recruit, e-learning, and performance management.

Staff responsible for Payroll support work with DHR to ensure timely and accurate biweekly payments to more than 16,000 County employees in compliance with applicable federal, state and County laws and regulations, timely payment of federal and state taxes, and accurate year-end close-out including the production of W-2s.

Staff responsible for Benefits Administration support work with DHR to ensure accurate system processing of all benefits including County provided health care, life insurance, deferred compensation, and retirement benefits including enrollment, coverage, deductions of premiums, open enrollment, and reporting to vendors.

Staff responsible for Organization Management ensure that the Organizational Units required to represent any type of organizational entity designated to perform a specified set of functions within an organization such as departments, divisions, organizational reporting units, and positions are accurately maintained and updated. This is the reporting hierarchy of an organization and is separate from the financial structure. Organizational Objects facilitate the overall organizational hierarchy (departments, positions, supervisors, and employees), organizational management and historical reporting for restructures/reorganizations, usage of time management and approval, management of supervisory to subordinate relationships, classification of jobs as they tie to the pay structure and compensation rules, position control and management of attributes that must inherit to the employee (e.g. dual encumber, job share, FICA eligibility, expiration dates) and the capture of data required for federal/state-mandated reporting requirements.

Org Reporting Requirements include but are not limited to:

- Virginia Employment Commission – state required (Multiple Worksite Report)
- Occupational, Safety and Health Administration (OSHA) – federally required
- Virginia Occupational, Safety and Health Administration (VOSHA) – state required
- Equal Employment Opportunity (EEO) Commission – federal required – EE04 and EE05
- Position Count – Broken down by status
- Position Detail Report or equivalent
- Vacant Position Report
- Report of expiration dates (i.e., grants and other short term positions)
- Ability to report on background checks (Criminal Background, Credit, Commercial Driver's License)
- Organizational Chart reporting capability

Staff responsible for Personnel Administration maximize the automation of complex HR processes and procedures through the management of various validity dates such as start and end dates, retro dates and future dates. The personnel administration data is the backbone for assignment of system security, accurate

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payroll processing, benefits administration and other actions including personnel actions related to the administration of complex personnel procedures, such as hiring a new employee, changing the organizational assignment of an employee, changing an employee's pay, setting an employee's status to early retiree or pensioner, and documenting when an employee leaves or re-enters the enterprise. In addition personnel administration maintains the personal identifying data for an employee/applicant such as name, birth date, Social Security Number (SSN), nickname, and marital status. This data integrates with several modules for proper processing; for example, Benefits will require name, SSN, date of birth, gender and marital status, while Payroll will require name and SSN.

Staff responsible for Time Management maintain, monitor, and update master records based on business requirements and resolve issues associated with the key data utilized to record work schedules, absences and attendances, quotas and accruals, assignment information such as FTE (full-time equivalency) and employee status to create the basic time information for the evaluation and accounting of employees' working times. This includes the daily monitoring of reports after time transfer and time evaluation programs run each night. If errors are found on these reports, the errors must be corrected prior to payroll processing for the pay period.

Staff responsible for Employee Self Service (ESS) and Manager Self Service (MSS) provide oversight, monitor, maintain, and triage all activities associated with the internet-based access to the FOCUS system that provides employees and managers with the self-service functionality.

The Security portion of this LOB is required to support all County and FCPS end users who utilize FOCUS functionality to complete not only their daily finance, budget and procurement functions in support of their organization but also those users who access FOCUS for human resources-related processing (e.g. time entry, benefits open enrollment). The Security portion of this LOB is responsible for validation and management of requests for end user access to the system including initial provisioning, reviewing requests for changes to access and delimiting/end dating access, auditing and reporting on end user access across the various platforms in FOCUS, role development and management, management of profiles/authorization objects and user master management.

This group works in partnership with staff in the Department of Information Technology, Information Security Office to manage risks and controls, and apply overall security policies and principles related to securing access to SAP to ensure the overall objectives of security support are met.

- Improving compliance of all regulations regarding information security and data protection.
- Enforcing the principle of separation of duties in users' authorizations.
- Preventing conflict of interest issues.
- Standardizing security authorizations for users across Fairfax business units to the extent possible.
- Optimizing user administration and authorization management.

Specifically, the FBSG security team is responsible for the following:

- Managing on-boarding and off-boarding activities for FOCUS users in coordination with DIT.
- Maintaining the standard authorization roles and structural authorization profiles.
- Maintaining the authorization assignment of these roles/profiles to the appropriate approved users.
 - Managing the creation and maintenance of roles/profiles.
 - Coordinating and develop IDM and Enterprise roles.
 - Overseeing the monitoring of user activities in FOCUS.
 - Working in concert with DIT and the auditor to regularly audit users' authorizations.
 - Troubleshooting authorization issues.

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Benefits

The FBSG HCM LOB provides services to the entire County, but most directly to DHR, payroll contacts and HR managers. The FBSG leverages County IT investments to optimize project management oversight, engage strategic thinking for new opportunities, promote consistent change management practices, and ensure that the ERP platform remains functional, compliant, and current. The LOB ensures processes within HCM meet County strategic and business goals for human resource management. Additionally, they enable and promote innovation, foster quality customer service and efficient cross-agency business processes, and ensure compliance with state and federal regulations, County regulations, and County policies and procedures.

The FBSG Security LOB provides services to all end users of FOCUS. In addition, the LOB supports the internal controls required to ensure that access is managed and controlled to meet all risk, compliance and audit standards.

Staff supporting this LOB regularly evaluate business process impacts, assist in reviewing alternatives, propose resolutions, and implement resolutions to problems. Significant value is added as staff work continuously to leverage and extend the investment in an enterprise resource planning solution by finding synergies and efficiencies.

Mandates

This LOB is not a state or federal mandate, the LOB manages a technology solution that supports state or federal mandates in agencies and compliance policies which must be performed under County, state, and/or federal guidelines. For example:

- Payroll activities must remain in compliance with the tax reporting deadlines, appropriate wage reporting, and appropriate taxation of wages earned as specified in Publication 15, Employer's Tax Guide, of the Internal Revenue Service.
- Payroll/Time/Personnel Administration activities must remain in compliance with the Fairfax County Personnel Regulations and the Fairfax County Personnel Payroll Administration Policies and Procedures that apply to positions and persons in competitive service for pay, time reporting, and leave programs and personnel administration.
- Payroll activities must remain in compliance with Fair Labor Standards Act (FLSA) regulations on minimum wage rates, overtime pay, child labor, and equal pay for employees covered by the law.

Trends and Challenges

HCM

With a workforce that varies from 14,000 to more than 16,000 over the course of the year, payroll activity is voluminous as employees are hired, transferred, promoted, and terminated across more than forty-five agencies. The FBSG payroll team successfully partners with DHR to ensure all payroll activities are completed on time and accurately in compliance with applicable federal, state, and County laws and regulations. As part of that effort, HCM works with DHR to provide regular updates and training to promote consistent, accurate application of payroll and time entry policies and procedures in the system.

Beginning in early 2016, the County must comply with the reporting requirements of the Individual Responsibility and Employer Shared Responsibility Rules, also known as the Employer Mandate. As part of this mandate, the County must submit detailed information on employees and dependents to the Internal Revenue Service (IRS) regarding their County benefits coverage, so eligibility for federal subsidies can be determined if any County employees apply for coverage under one of the Health Exchanges. Also, the County must furnish statements to employees showing the information sent to the IRS.

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A Consumer-Directed Health Plan (CDHP) and a Health Savings Account (HSA) were introduced for the 2016 plan year as an additional health insurance option for employees, which will require system modifications as part of implementation.

Another key responsibility of the Payroll Division is the production of W-2's for all County employees, a number in excess of 20,000 annually. All tax reporting is done in-house, including quarterly and annual reporting to the IRS, Social Security Administration and several state governments. It should be noted that since FOCUS implementation, the processing time for W-2s has been reduced. W-2s were mailed nearly two weeks before the federally-mandated deadline in January 2014, which had never been able to be achieved in the old legacy system.

Security

In response to user requests for information with regard to who has what finance and logistics roles and a detailed method to add/remove roles, FBSG has put together new tools to help with the process. The first tool available for end users is an updated instructional tool to aid in the efficient, accurate, and timely submission of requests for user roles. Also available for end users is a role-to-training matrix that provides a list of finance and logistics roles with a description of the role, prerequisite training to get access to the role, and common transactions associated with the role. Additionally, FBSG has created a user roles matrix that contains a listing by department of all FOCUS roles (including HCM roles) that users have been granted. This report can be used to validate that staff have the correct roles, model what a new staff member might need to be granted based on roles currently assigned to an existing staff member and aid in regular review of roles to provide clean-up/adjustment of roles granted to staff when they are promoted, transferred or change responsibilities in the agency.

Beginning in early 2016 the security team, in partnership with the Department of Information Technology, will be heavily involved in the implementation of a new identity management solution for user provisioning.

To enhance the County's ability to conduct routine system use reviews and audit processes for the Internal Auditor, the annual Financial Auditor, the Department of Finance, and the IT Security Office, the SAP GRC (Governance Risk and Compliance) solution is in final stages of being implemented. This solution provides significant improvement over the pseudo-manual processes of role, access, and process reviews, making the annual financial audit more efficient with better accuracy.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #52: FOCUS Business Support Group - Human Capital Management and Security			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$581,885	\$590,319	\$700,650
Operating Expenses	53,966	57,150	30,493
Total Expenditures	\$635,851	\$647,469	\$731,143
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$635,851	\$647,469	\$731,143
POSITIONS			
<i>Authorized Positions/Full-Time Equivalents (FTEs)</i>			
<u>Positions:</u>			
Regular	9 / 9	9 / 9	8 / 8
Total Positions	9 / 9	9 / 9	8 / 8

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Number of W-2 forms produced, printed and mailed	18,375	20,815	21,148	22,735	24,235
Number of HCM jobs/interfaces managed	89	89	89	90	90
Average number of End User Help Desk Tickets per month (Security)	91	79	66	70	70

Number of HCM Jobs/Interfaces Managed:

The teams in this LOB support the core operations of the FOCUS system including the inbound and outbound interfaces from enterprise-wide computer applications for public safety, public health, human services, revenue and taxation, land development, finance and accounting, purchasing, payroll and human resource management, libraries, facilities management, and many others that send data to and from FOCUS. This LOB supports ongoing critical County operational and customer service needs associated with monitoring and maintaining the functionality of the interfaces, ensuring accuracy, and timely transmission of data, and resolving issues.

Number of W-2 Forms Produced, Printed and Mailed:

W-2 forms are processed in-house. Over the last three years, the number produced has increased to reflect the growing number of hires and rehires as well as an increase in the number of categories of individuals that are required to receive a W-2. W-2 forms continue to be distributed to employees prior to the required deadline.

Average number of End User Help Desk Tickets per Month (Security):

As part of ongoing outreach and communication with end users on the best and most effect methods to utilize FOCUS functionality, customer support is a vital component. The FOCUS Business Support Group provides an essential customer service function, serving as a point of contact for resolution of problems, requesting additional access, and answering inquiries on how to utilize functionality. The FBSG team takes ownership of the problem or request and works to resolve it as quickly as possible. All reported problems or service requests are logged as a Help Desk ticket. The FBSG is responsible for the dissemination of problems to the appropriate and responsible organization, whether another FBSG team, a DIT partner group, or a business process owner agency. Regardless of who can resolve the problem, the FBSG retains the oversight for problem resolution and request fulfillment. The FBSG is accountable to its end users and agencies to ensure the problem or service request is handled quickly and effectively.

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LOB #53:

FOCUS BUSINESS SUPPORT GROUP - PROCUREMENT TO PAYMENT

Purpose

The FBSG Procurement to Payment Team is responsible for functional systems administration of the Supplier Relationship Management, Inventory Management, Materials Management, Registration of Supplier, Supplier Self Service, Marketplace, Contract Management, Purchase Order/Shopping Cart, Accounts Payable, Accounts Receivable, and Treasury and Banking modules in FOCUS. This team of subject matter experts provides functional program policy and governance support for all procurement to payment-related activities that impact the system and enables continuous improvement and smooth operation of the production systems. The Procurement to Payment team works to improve upon the implementation and provide support for changing business processes.

Description

The Procurement to Payment modules support the processing of approximately 19,000 payments monthly through FOCUS and the recordation of more than 1.9 million billing transactions per year. The use of FOCUS continues to expand in areas such as non-tax accounts receivable dunning and calculation of interest and late payment penalties on items for which they charge and accounts payable activities for Human Services case management programs managed through Harmony. FOCUS is used to procure goods and services, manage vendor activities, process payments via wire, ACH (Automated Clearing House) transmissions and check, issue accounts receivable notices and record receipts of payments from customer, bank reconciliation, and cash management.

The staff in this LOB serve as the Functional Project Manager for major projects and in that work, are the subject matter expert lead and work with their counterparts in the Department of Information Technology to:

- Partner with business stakeholders to successfully perform critical business functions on a daily, weekly, bi-weekly, monthly or annual basis (e.g. 1099 production, month-end and year-end close-out of financial and procurement processes, banking interfaces)
- Monitor and manage inbound and outbound interface processing for systems that send data to and receive data from FOCUS.
- Investigate, diagnose, and resolve complex system related problems.
- Perform configurations in the FOCUS system to implement new functionality or change existing functionality.
- Provide support during various audits being performed by the external auditor, the FCG or FCPS internal audit organizations, and the BOS or FCPS Board Auditor(s).
- Participate in special projects, providing subject matter expertise, for applications that have a direct impact on or that will interface with FOCUS.

Procurement

The Procurement portion of this LOB provides functional project and systems implementation planning and estimating, change management and enhancement prioritization, and project management leadership associated with the maintenance of current functionality and the implementation of new functionality for the following modules:

- Inventory Management
- Warehouse Management

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- Registration of Supplier/Supplier Self Service
- Supplier Relationship Management – Organizational Structure
- Shopping Carts/Purchase Requisitions/Reservations
- Purchase Orders
- Marketplace Purchasing (Site that maintains several catalogs of various products that can be acquired by County and FCPS staff)
- Contract Management (create solicitations and award contracts)
- Materials Management (Catalog of products that can be acquired by FCPS education and administrative staff)

The primary business process owners are the County's Department of Procurement and Material Management (DPMM) and the Fairfax County Public Schools Office of Procurement Services (OPS), and staff within the County and FCPS that are responsible for all inventory, logistics, material management, and procurement activities. In that work, the Procurement team conducts business process and systems analyses; applies in-depth SAP knowledge; and applies subject matter expertise and theoretical knowledge and experience in supporting highly complex functional system administration processes associated with the business and associated legislative and other legal and statutory requirements for procurement and logistics functionality. These professionals analyze business requirements and determine the appropriate ERP options to meet those needs through participation in special projects and provide procurement and logistics subject matter expertise for applications that have a direct impact on or that will interface with FOCUS.

Staff responsible for Inventory Management (IM) and Warehouse Management (WM) work with DPMM, OPS and the various warehouse staff in the County and FCPS to ensure the IM and WM modules are updated and maintained to effectively record and manage physical inventory (e.g. manhole covers for the Department of Public Works and Environmental Services, appliances for the Fairfax County Redevelopment and Housing Authority, curriculum materials and science kits for FCPS) and fixed assets (inventory items greater than \$5,000). This is done by extracting a list of inventory items, counting their respective quantities in their location, and comparing those counts to the system. SAP modules must be maintained to aid in the inventory cycle count and spot check processes performed by either the Central Purchasing Inventory Oversight staff or the warehouse staff and to insure that all fixed assets and consumable inventories are accurate for financial reporting in the County's Comprehensive Annual Financial Report.

Staff responsible for Registration of Supplier (ROS) maintain the functionality in FOCUS that allows bidders to register themselves using a link on the Fairfax County Internet website. The unregistered bidder initiates the registration process by responding to a basic survey which will validate their email. The bidder does not provide any financial information. They only provide basic company information and codes used to match sourcing needs within the Contract and Requisition processes. The list of bidders can be vendors who have never conducted business with Fairfax or a vendor who is currently providing goods and services to Fairfax. All qualified bidders reside in SRM. When a bidder becomes a supplier by being awarded a PO or contract, they are validated and applied to the vendor file for processing of accounts payable activities.

Staff responsible for the Supplier Relationship Management (SRM) organizational structure ensure that the component of SAP Supplier Relationship Management (SRM) used to define operational hierarchy used in workflow and procurement approvals is updated and maintained to accurately reflect the approval controls established by DPMM and OPS.

Staff responsible for the Requisitions (Shopping Carts and Purchase Requisitions) work with DPMM, OPS and the various agency and school staff in the County and FCPS to ensure that the component of SAP utilized by agency staff to initiate identification of need for a product or service for procurement is functioning accurately. A shopping cart is the entry point for procurement within SAP. The purchase requisition is used to notify the purchasing department of requirements for materials and services. A requisition is an umbrella term covering Purchase Requisitions (PRs), Shopping Carts (SCs), and Reservations. The materials requested through shopping carts/purchase requisitions are procured

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externally. The materials requested through reservations are created for requests for materials stocked in the central warehouse. The staff responsible for shopping carts and reservations maintain, monitor, and update functionality based on business requirements and resolve issues associated with the conversion of an authorized requisition (or shopping cart) into an authorized order for goods/services that effectively route for approval based on the organizational hierarchy rules/regulations established by DPMM/OPS (including dollar value, commodity code, contract status and originating agency). This includes the daily monitoring of jobs and help desk tickets and the timely triage and resolution of issues for easily remedied solutions to business process-related questions to items that escalate to the level of development work/configuration changes. The key factors in the effective functioning of the purchase requisition process are:

- Management of approval levels based on organizational hierarchy, policy, procedures and internal controls
- Facilitation of effective communication between the buyer, purchasing, and the vendor.
- Referencing multiple contracts on a single requisition created in the shopping cart.
- Conversion of a requisition immediately to PO if items are on contract.
- Ability to store multiple ship-to address locations for delivery to multiple locations.
- Pre-encumber orders for the next fiscal year within restricted order dates.
- Flag/alert if funds are insufficient to cover a requisition during the ordering process.
- Facilitation of Advanced Orders/Passive orders for FCPS operations
- Tracking conversion of the PR to the PO and notify the DPMM/OPS of the PO number.
- Tracking changes to requisitions and versions for audit purposes.

Staff responsible for the Purchase Order (PO) process work with DPMM, OPS and the various agency and school staff in the County and FCPS maintain, monitor, and update functionality based on business requirements and resolve issues associated with the conversion of an authorized requisition (or shopping cart) into an authorized order for goods/services that effectively route for approval based on the organizational hierarchy rules/regulations established by DPMM/OPS (including dollar value, commodity code, contract status and originating agency). This includes the daily monitoring of jobs and help desk tickets and the timely triage and resolution of issues for easily remedied solutions to business process related questions to items that escalate to the level of development work/configuration changes.

Staff responsible for the Marketplace work with DPMM, OPS and the various agency and school staff in the County and FCPS to ensure that the component of SAP utilized by agency staff to initiate procurement of services from pre-defined sources for the acquisition of materials or services is functioning. Catalogs enable users to search, compare, and procure products and services from suppliers. A catalog can include descriptions, prices, images, and other related data as needed. Multiple catalogs can be established to support various procurement activities. Catalogs are repositories of data that identify pre-defined sources for the acquisition of materials or services. Since this information can be used by all Fairfax departments, it is essential the data is established and maintained in accordance with system standards. The Department of Procurement and Material Management will retain management oversight of all catalogs and will be responsible for establishing related policies and procedures. The Catalog/Configuration Manager will be responsible for creating and maintaining internal catalogs, thus ensuring data consistency and eliminating redundancy. External catalogs reside outside of FOCUS on vendor-supported internet sites. Therefore vendors will be responsible for creating and maintaining these catalogs. Since these types of catalogs will be primarily established based on contractual agreements, the DPMM and OPS will be responsible for coordinating catalog requirements with each vendor. In addition, DPMM and OPS will be responsible for approving catalog content and format to ensure vendor compliance. Subject matter experts that support the Marketplace ensure that the external punch-out catalog of office supplies and computer software/hardware is operating and available 24/7. This includes the daily monitoring of jobs and help desk tickets and the timely triage and resolution of issues for easily-remedied solutions to business process-related questions to items that escalate to the level of development adjustment by the vendor that is responsible for maintaining the marketplace internet site functionality.

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Staff responsible for the Material Management catalog work with OPS and the FCPS Financial Services Support group that liaises with FCPS staff to ensure that the component of SAP utilized by FCPS staff to initiate procurement of services from pre-defined sources for the acquisition of materials or services is functioning. Catalogs enable users to search, compare, and procure products and services from suppliers. A catalog can include descriptions, prices, images, and other related data as needed. Multiple catalogs can be established to support various procurement activities. Subject matter experts that support Material Management ensure that the internal catalog of office is operating and available 24/7. This includes the daily monitoring of jobs and help desk tickets and the timely triage and resolution of issues for easily-remedied solutions to business process-related questions to items that escalate to the level of development adjustment by the vendor that is responsible for maintaining the marketplace internet site functionality.

Payment

The Payment portion of this LOB provides functional project and systems implementation planning and estimating, change management and enhancement prioritization, and project management leadership associated with the maintenance of current functionality and the implementation of new functionality for the following modules:

- Accounts Payable
- Accounts Receivable
- Treasury and Banking

The primary business process owners are the County's Department of Finance and Department of Tax Administration, the Fairfax County Public Schools Office of the Comptroller, and staff within the County and FCPS that are responsible for all banking, treasury, accounts payable, and accounts receivable activities. In that work, the Payment team conducts business process and systems analyses; applies in-depth SAP knowledge; and applies subject matter expertise, theoretical knowledge, and experience in supporting highly complex functional system administration processes associated with the business and associated legislative and other legal and statutory requirements for human resources functionality. These professionals analyze business requirements and determine the appropriate ERP options to meet those needs through participation in special projects and provide subject matter expertise for applications that have a direct impact on or that will interface with FOCUS.

Staff responsible for Accounts Payable work with DOF, the FCPS Office of the Comptroller, and the various agency and school staff in the County and FCPS responsible for the accurate payment of system wide obligations at both the County and Schools. In addition, staff handles the creation and maintenance of vendor master records, vendor invoice processing, credit memo processing, tax reporting, and payment processing for the issuance of vendor payments. This includes monitoring interfaces, updating the master records, and the daily monitoring of reports after interfaces and jobs run. If errors are found, timely triage and resolution of issues is undertaken. The key factors in the effective functioning of the accounts payable process are:

- Support for tax withholding criteria
- Support all 1099 vendor reporting requirements
- Support for decentralized Vendor master data creation with approval by centralized accounts payable
- Ability to send ACH remittance advice to multiple email addresses
- Ability to select the procurement card as a payment method on the vendor record
- Ability to stop payment with the bank, void and reissue voided checks
- Ability to reissue check using the original voucher
- Ability to cancel original voucher through the check void process
- Support for the management of the Vendor Master record required to conduct business transactions

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- Ability to hide/mask legally protected vendors or legally protected data fields (HIPPA data, SSNs, banking details, welfare payments, garnishments)
- Indicate whether SWAM vendors are self-certified or DEMBE certified and date of certification
- Maintenance of one vendor master record for both Accounts Payable (AP) vendors and Purchasing vendors without duplication

Staff responsible for Accounts Receivable work with DOF, DTA, the FCPS Office of the Comptroller and the various agency and school staff in the County and FCPS responsible for the accurate receipt of amounts due towards billable grant and other services. The business process under Accounts Receivable includes the creation and maintenance of customer master records, the process of invoicing to the customers, the receipt of money against these invoices, the process of dunning customers for amounts due but not received, the process for write offs or circumstances where a credit memo needs to be issued, and the interfaces that are required from the departments that capture receivables on a separate sub system. Staff is also responsible for the maintenance of customer payment terms, interest, penalties, and charges, as well as the protection of sensitive information on customer records and in transaction details. This includes monitoring interfaces, updating the master records and the daily monitoring of reports after interfaces and jobs run. If errors are found, timely triage and resolution of issues is undertaken.

Staff responsible for Treasury and Cash Management work with DOF, the FCPS Office of the Comptroller, and the various agency and school staff in the County and FCPS responsible for the accurate recordation and reporting of bank data, cash reconciliation, investment accounting and debt accounting for the County and FCPS. This includes monitoring interfaces, updating the master records including the bank master file utilized for payroll and vendor payment processing, and resolving issues associated with the key data utilized to record cash, banking and treasury transactions. This includes the daily monitoring of reports after interfaces and jobs run. If errors are found, timely triage and resolution of issues is undertaken. The key factors in the effective functioning of the treasury and cash management process are:

- Ability to track all investment and debt activities and to produce accounting entries and industry standard reports
- Processing of electronic bank statements
- Handling of exception items
- Posting of incoming deposits
- Receipt of encrypted prior day electronic bank statement through interface in order to process daily bank reconciliation
- Automatic match of electronic bank statements for deposits and payments processed by Fairfax failed, or no automatic match was attempted
- Accurate generation of the Month-End Reconciliation Report at the end of closing month. Receipt of Cash, Check, E-Check, Credit Card, ACH and Wire payments for Fairfax
- Processing of accurate accounting entries posted into SAP to record incoming deposits against customer receivable or classified as income
- Set-up of the Bank Master file for use system wide (e.g. payroll processing)
- Establishing and maintaining the logic to accurately track and record cash transactions, cash position and cash balance and to accurately track, record and report on investment types
- Maintains the ability to account for amounts to source documents (bank balance report, trade ticket/due diligence, BNY Mellon investment maturity report)
- Manage, update, and create new reports required to manage investments, debt and cash positions including but not limited to the Daily Investment Report (management summary) Portfolio Holdings report. Portfolio Holdings Report by Portfolio, Issuer List, Bank wire report (current day), Bank ACH Report (current Day), Bank Balance Report (previous day), Bank wire Report (current day), Bank Control Disbursements Report (Current Day), Portfolio Limits Report, Investment Purchase Due Diligence Report, Investment Maturities/ Purchases/ Settlement Reports, Cash Position Report, Restricted Portfolio Report, A/P Wire Report

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Benefits

The FBSG Procurement to Payment team provides services to the entire County, but most directly to the County's Department of Finance, Department of Procurement and Material Management (DPMM) and Department of Tax Administration; the Fairfax County Public Schools Office of the Comptroller and the Office of Procurement Services (OPS); and staff within the County and FCPS that are responsible for all inventory, logistics, material management, procurement, accounts payable, accounts receivable and treasury/cash management activities. The FBSG leverages County IT investments to optimize project management oversight, engage strategic thinking for new opportunities, promote consistent change management practices, and ensure that the ERP platform remains functional, compliant, and current. The LOB ensures processes within procurement and payment meet County strategic and business goals for finance, logistics, revenue collection, and budget. They enable and promote innovation; foster quality customer service and efficient cross-agency business processes; and ensure compliance with state and federal regulations, County regulations and County policies and procedures.

Staff supporting this LOB regularly evaluate business process impacts, assist in reviewing alternatives, propose resolutions, and implement resolutions to problems. Significant value is added as staff work continuously to leverage and extend the investment in an enterprise resource planning solution by finding synergies and efficiencies. Staff regularly participate in special projects, providing subject matter expertise, for applications that have a direct impact on or that will interface with FOCUS. For example, FCPL (Fairfax County Public Library) Comprise implementation, human services Harmony system integration with FOCUS Accounts Payable, Office Supply vendor integration with the Marketplace, procurement card management, internal business process audits, external audit, procurement reporting requirements, and functionality to aid in the department's ability to impose late payment penalties and interest on non-tax delinquencies for accounts receivable (e.g. Fire and Rescue and (FIDO) Fairfax Inspections Database Online).

Mandates

This LOB is not a state or federal mandate, the LOB manages a technology solution that supports state or federal mandates in agencies and compliance policies which must be performed under County, state, and/or federal guidelines. For example:

- Department of Tax Administration - the agency is mandated to perform billing, collection, and reconciliation of tax revenues. The functions performed by DTA support the requirements for the role of the Constitutional Office of the Treasurer concerning taxes. These mandates are found in Section 58.1 of the Code of Virginia and Chapter 4 of the Fairfax County Code.
- DOF Payment of Countywide Obligations (LOB #15) - IRS 1099 reporting for payments to non-employees for services performed on behalf of Fairfax County. All organizations making non-employee payments for services are required to report to the IRS the amounts paid per vendor. All versions of Form 1099 must be printed and mailed to the vendor as well. For calendar year 2014, the County reported taxable income to vendors with form 1099-MISC Miscellaneous Income, 1099-S Proceeds from Real Estate Transactions, 1099-INT Interest Income, and 1042-S Foreign Person's US Source Income.
- DOF/DPMM - Virginia Public Procurement Act 2.2-4352 requires every agency of local government to promptly pay for the completed delivery of goods or services by the required payment date.
- Additional duties incorporated within this LOB are performed to support compliance with the County's financial policy requirements and generally accepted accounting principles (GAAP).

The following existing regulatory requirements have been incorporated into the FOCUS Business Design Process:

- Requirements up to \$5,000: competition recommended, but not required (Procedural Memorandum (PM) 12-09).

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- Requirements between \$5,000 and \$10,000: Solicit at least three written or oral quotes (PM 12-08).
- Requirements between \$10,000 and \$50,000: Solicit at least four written competitive bids or proposals (PM 12-07 and PM 12-15).
- Requirements over \$50,000: formal solicitation process (competitive sealed bidding/competitive negotiation) (Code of Virginia, Chapter 43).
- Professional services (any type of service performed by an independent contractor within the practice of accounting, actuarial services, architecture, dentistry, land surveying, landscape architecture, law, medicine, optometry, pharmacy, or professional engineering) require a different selection, negotiation, and approval process than non-professional services (Code of Virginia, Chapter 43, and County Purchasing Resolution, Section 2.B.4).

Trends and Challenges

Procurement to Payment

In partnership with the primary business process owners (the County's Department of Procurement and Material Management (DPMM), Department of Finance, and Department of Tax Administration; the Fairfax County Public Schools Office of Procurement Services (OPS); and staff within the County and FCPS) that are responsible for all inventory, logistics, material management and procurement activities, the FBSG will continue to improve upon the implementation and provide support for changing business processes including:

Department of Procurement and Material Management (DPMM)

- The most significant challenge on the horizon for DPMM is keeping pace with the expansion of e-commerce into almost every aspect of the County's business. E-commerce is growing in depth and breadth of usage, as well as in technical sophistication. It is a developing presence in both the private and public sectors and expectations from vendors, citizens and County users increase persistently.
- In addition, FOCUS has a nascent e-bidding functionality. Newer and more streamlined e-bidding systems are now available in the marketplace and, at some point in the near future, DPMM must determine the best solution for the county's procurement needs.
- On the ordering side, larger vendors are equipped to receive and often prefer electronic purchase orders while smaller vendors still struggle with the technology. FOCUS currently offers a hybrid model of purchase order delivery. Some are electronic (the FOCUS Marketplace) and the remainder are delivered by the US Postal Service. Managing the diverse capabilities of the vendor community while taking advantage of the benefits offered by advanced e-focused trends will be challenging.
- The growing complexity and dynamism of supply chains requires the use of a technology solution for inventory management and delivery tracking. Warehousing is increasingly viewed as a sub-process of the end-to-end supply chain. County departments, responding to commercial sector practices, are expecting more value-added services such as tracking and heightened responsiveness to storage and transportation needs. An investment in an inventory / delivery management system will provide the foundation for shared use of space and equipment with the Fire and Rescue Department and FCPS. Efficiencies can be attained in improving service levels and demand management through the use of predictive data, and transportation management.
- Identify and implement strategic sourcing solutions into FOCUS that support the procure-to-pay model and also identify opportunities for cost reduction, supply base resizing, e-commerce, and management of contract spend.

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Department of Finance (DOF)

- The Department of Finance continues to improve processes through FOCUS to expedite invoices to agencies and increase efficiencies in the approval process. Efforts remain to coordinate with agencies on the approval of goods and services for payment and the reconciliation of their purchase orders.
- Finance continues efforts to decrease the issuance of paper check payments through increased vendor participation in electronic disbursements. The department continues to explore other payment trends including the use of single account procurement cards as a payment method that earns a rebate per dollars spent, expanding the use of electronic data interchange (EDI), and other opportunities to optimize the amount of discounts achieved.

Department of Tax Administration (DTA)

- Continuing to explore opportunities to enhance interfaces between each agency's system of record and the County's financial system FOCUS. The lack of interface results in a manual process for monitoring the aging of accounts receivables, as well as billing and referral limitations, and makes it difficult to easily compile useful reports for program analysis. This latter issue was previously reviewed by the Auditor of the Board, and it was determined that the most cost-effective response to this challenge would be to explore integration in the future as these individual systems are replaced, modernized or upgraded.
- With the successful implementation of the County's financial system, FOCUS, the Tax Reconciliation Section has turned its attention to the challenge of improving efficiencies in its reconciliation processes. This will be achieved through the development of additional automated interfaces between FOCUS and DTA's tax systems.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #53: FOCUS Business Support Group - Procurement to Payment			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$552,444	\$582,099	\$660,464
Operating Expenses	51,235	56,354	28,745
Total Expenditures	\$603,679	\$638,453	\$689,209
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$603,679	\$638,453	\$689,209
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	8 / 8	8 / 8	8 / 8
Total Positions	8 / 8	8 / 8	8 / 8

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Number of procurement jobs/interfaces managed	29	29	29	30	30
Annual 1099s Produced and Filed with Internal Revenue Service	4,835	4,642	4,600	4,600	4,600
Number of Purchase Order Transactions processed by Accounts Payable	45,355	45,445	45,927	45,500	45,500
Number of payments processed via FOCUS	322,699	305,373	303,025	304,000	304,000
Number of Accounts Payable documents managed via interface	381,702	333,275	313,498	315,000	315,000

Number of Procurement/Accounts Payable Jobs/Interfaces Managed:

The teams in this LOB support the core operations of the enterprise resource planning solution including the inbound and outbound interfaces from enterprise-wide computer applications for public safety, public health, human services, revenue and taxation, and land development, finance and accounting, purchasing, payroll and human resource management, libraries and facilities management and many others that send data to and from FOCUS. This LOB supports ongoing critical County operational and customer service needs associated with monitoring, maintaining the functionality of the interfaces, ensuring accuracy of data and timely transmission of data and resolving issues.

Number of 1099's Produced and Filed with the Internal Revenue Service:

This metric represents the number of vendors whose payments require tax reporting to the IRS. More than 31,000 vendors are reviewed for reportable status for their business and payment type. The volume is not expected to change and would not indicate a success or problem for the payment process. Instead, these totals represent the level of effort required by the LOB's vendor maintenance program. The key factor to the volume is the number of vendors Fairfax County contracts business for services with.

Number of Purchase Order Transactions Processed by Accounts Payable,

Number of Payments Processed via FOCUS,

Number of Accounts Payable Documents Managed via Interface:

These metrics represent the level of effort required by the LOB's staff to manage the procurement and payment functionality in FOCUS. The key factor to the volume is that with the implementation of FOCUS with enhanced purchasing capabilities FOCUS provided an efficient technology solution for procurement and payment. Note: Payments are items as varied as vendor obligations, tax refunds, employee reimbursements, debt services, rental leases, and the County's human services benefits programs. The metric represents the volume of output required from the LOB to maintain all County programs and services to the residents of Fairfax County.

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LOB #54:

FOCUS BUSINESS SUPPORT GROUP - CORE FINANCE AND REPORTING

Purpose

The FBSG Core Finance team provides functional system administration oversight for the financial management modules in FOCUS including Financial Accounting, Financial Controlling, Financial Reporting, Funds Management, Grants Management, Projects Systems, and Asset Accounting/Management. This team of subject matter experts provides functional program policy and governance support for finance and budget-related activities that impact the system and enables continuous improvement and smooth operation of the production systems. The Core Finance team works to improve upon the implementation and provide support for changing business processes. In addition this LOB includes the reporting team that provides overall coordination and development of reports utilized by the various end users in FOCUS, including the development of a data warehouse solution.

Description

Core Finance

The Core Finance portion of this LOB provides functional project and systems implementation planning and estimating, change management and enhancement prioritization, and project management leadership associated with the maintenance of current functionality and the implementation of new functionality for the following modules:

- FI/GL (Financial Accounting and General Ledger)
- CO (Internal Controlling)
- FM (Funds Management)
- GM (Grants Management)
- PS (Project Systems)
- Financial reporting solutions
- Fiscal year-end processes.

The staff in this LOB serve as the Functional Project Manager for major projects and, in that work, are the subject matter expert lead and work with their counterparts in the Department of Information Technology to:

- Partner with business stakeholders to successfully perform critical business functions on a daily, weekly, bi-weekly, monthly or annual basis (e.g. month-end and year-end close-out of financial and procurement processes, carry-forward of budgetary allocations)
- Monitor and manage inbound and outbound interface processing for systems that send data to and receive data from FOCUS.
- Investigate, diagnose, and resolve complex system-related problems.
- Perform configurations in the FOCUS system to implement new functionality or change existing functionality.
- Provide support during various audits being performed by the external auditor, the County or FCPS internal audit organizations, and the BOS or FCPS Board Auditor(s).
- Participate in special projects, providing subject matter expertise, for applications that have a direct impact on or that will interface with FOCUS.

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The primary business process owners are the County's Department of Finance and the Department of Management and Budget, the Fairfax County Public Schools Office of the Comptroller and Office of Budget Services, and staff within the County and FCPS that are responsible for all financial, budget, grant management, capital project accounting, and asset accounting activities. In that work, the Core Finance team conducts business process and systems analyses; applies in-depth SAP knowledge; and applies subject matter expertise, theoretical knowledge, and experience in supporting highly complex functional system administration processes associated with the business and associated legislative and other legal and statutory requirements for finance and budget functionality. These professionals analyze business requirements and determine the appropriate ERP options to meet those needs through participation in special projects, providing procurement and logistics subject matter expertise, for applications that have a direct impact on or that will interface with FOCUS.

The FBSG Core Financials and Reporting Team is responsible for functional systems administration of the Funds Management, Grants Management, Financials/General Ledger/Controlling, Project Systems, Asset Accounting, Data Warehouse, Reporting, and Transparency modules.

- Maintain the chart of accounts
- Creation and management of management of master data utilized for grants management, capital project management, state and federal reporting and financial/budgetary organization and funds control
- Coordinate year-end closing/carryover activities and other topics of interest to the end user population.
- Coordinate month-end closing activities - Final close-out of the respective accounting periods.
- Determine the schedule and manage the opening and closing of financial periods for financial and procurement to implement internal controls for proper accounting and reporting.
- Bi-weekly payroll reconciliation
- Managing budgetary/funding controls in the system
- Triage, troubleshoot and fix availability controls as necessary
- Review and management of Asset Accounting class and sub-class categories
- Process monthly settlements for project systems and controlling
- Manage depreciation, capital outlay and posting behaviors in the system
- Transparency
- Data Warehouse
- Resolution of external interface errors

The subject matter experts responsible for the Financial and General Ledger module (FI/GL) work with DOF, the FCPS Office of the Comptroller, and the various financial staff in the County and FCPS to ensure the FI/GL modules are updated and maintained to accurately record and manage the module used as the basis for financial accounting and reporting for the County and Schools. FI provides the ability to track all financial activities and to produce financial statements by fund(s), grant(s), and business areas (discretely presented component units), including balance sheets, statements of revenue, expenditures, changes in fund balances and cash flow statements. This module facilitates the reporting of financial activities for such areas as Accounts Receivable, Accounts Payable, and Fixed Assets. The main ledger supports modified and full accrual accounting in compliance with Generally Accepted Accounting Principles (GAAP) and the accounting and reporting requirements determined by the Governmental Accounting Standards Board (GASB), as well as common practices that have been adopted and formalized through other organizations such as the Government Finance Officers Association (GFOA), the American Institute of Certified Public Accountants and the Financial Accounting Standards Board (FASB). The financial accounting ledger is used primarily to support external reporting requirements. Financial statements and much of the required disclosure information for reporting to third parties are prepared using information from this ledger including the Virginia Auditor of Public Accounts reporting, grantor reporting, other specialized external

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reporting (for example, Federal Housing and Urban Development Department Reporting and Financial Statements).

Staff responsible for the Internal Cost Management (Controlling-CO) module work with DOF, the FCPS Office of the Comptroller, and the various financial, budget, capital projects and grant staff in the County and FCPS to ensure the Internal Cost Management (CO) module provides cost management controls including the ability to manage cost allocation among organizational units, the ability to control budget at different levels, the ability to monitor the costs and revenues of a specific service, the ability to manage costs which are relevant to capital projects and grants, the ability to support re-organization and report costs in a re-organized structure, and the ability to report at an alternate hierarchy of cost centers.

Staff responsible for the Funds Management (FM) module work with DOF, DMB budget staff, the FCPS Office of Budget Services, the FCPS Office of the Comptroller, and the various financial and budget staff in the County and FCPS to ensure the functions in this component support County/Schools in the execution of budgets and availability control for appropriations set by the governing body. The purpose of Funds Management is to budget and control revenues and expenditures and to stop the budget from being exceeded in compliance with the Code of Virginia. County/Schools can adapt the budget to changes in conditions by entering releases, supplements, returns, and transfers. The fund and organization structure must be created and maintained based on external reporting requirements such as: CAFR, governmental accounting, Virginia Department of Education, the School Board Annual Program Budget and the Auditor of Public Accounts.

Staff responsible for the Asset Accounting (AA) module work with DOF, the FCPS Office of the Comptroller, and the various financial staff in the County and FCPS responsible for the tracking and monitoring of capital assets. The Asset Accounting module gives staff the tools and reports to monitor compliance. Asset Accounting provides full life-cycle tools to manage capital assets efficiently from asset creation to closeout. The module supports the management of capitalized and non-capitalized assets, including management of rules related to the useful life of assets, depreciation, reporting on completed and assembly in progress projects, maintenance of multiple asset classes, and management of multiple acquisition and disposal methods for multiple entities with separate business rules. The module complies with all recording and reporting requirements to meet Comprehensive Annual Financial Report (CAFR), Auditor of Public Accounts (APA), Generally Accepted Accounting Principles (GAAP), Association of School Business Officials International (ASBO), Government Finance Officers Association (GFOA), Governmental Accounting Standards Board (GASB), bond, grant, federal, and state requirements.

Staff responsible for the Project Systems (PS) module work with DOF, the FCPS Office of the Comptroller, and the various financial staff in the County and FCPS responsible for the tracking and monitoring of capital project activity. Project Systems provides full life-cycle tools to manage projects efficiently from the initial planning stages through the project completion and closeout stages. It provides seamless integration between Project Systems and other application components such as purchasing, payroll, funds management, grants management, fixed assets, and general ledger. The module also provides a single, accurate project reporting database, eliminating the need to enter and consolidate project information from multiple sources. Therefore, projects are capitalized and closed-out efficiently.

Reporting

The Reporting portion of this LOB is the primary contact for end users to get assistance with queries and reports from the FOCUS system. There are multiple types and levels of reports available in SAP, and the FBSG partners with DIT to be the experts in reporting solutions. Specifically, the assistance provided includes developing an overall strategy for reporting, including the scheduling and distribution of certain reports; providing custom reports as needed to end users; and managing programming support for the following types of reports in SAP:

- Transactions for online queries
- ABAP (Advanced Business Application Programming) reports
- Report Painter reports
- Business Intelligence (BI) reports

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- Dashboard reports
- FOCUS Data Warehouse

In addition, the subject matter experts in this line of business coordinate and support regular updates of the data presented in the County's transparency application. This externally-facing module provides residents the ability to browse budget and expenditure data, as well as certain vendor payments for the current fiscal year-to-date (YTD) that begins July 1 for both County and Schools financial activity. The financial data for the current fiscal year is updated on a monthly basis by the end of the following month from the County's financial system. Amounts displayed are year-to-date, aggregated through the selected fiscal month. Data is available beginning with Fiscal Year 2013.

Staff in this line of business coordinate and lead the development and maintenance of the FOCUS Data Warehouse project. The data warehouse provides an additional reporting tool to end users of the system including customized multi-dimensional cross module reporting and standard FOCUS Data Warehouse reports.

Benefits

The FBSG Core Finance team provides services to the entire County, but most directly to the County's Department of Finance and the Department of Management and Budget, the Fairfax County Public Schools Office of the Comptroller and Office of Budget Services, and staff within the County and FCPS that are responsible for all financial, budget, grant management, capital project accounting and asset accounting activities. The FBSG leverages County IT investments to optimize project management oversight, engage strategic thinking for new opportunities, promote consistent change management practices, and ensure that the ERP platform remains functional, compliant, and current. The LOB ensures processes within procurement and payment meet County strategic and business goals. Additionally, it enables and promotes innovation, quality customer service, web-based online public access to information and services, transparency, efficient cross agency business processes, and compliance with state and federal regulations.

Staff supporting this LOB regularly evaluate business process impacts, assist in reviewing alternatives, propose resolutions, and implement resolutions to problems. Significant value is added as staff work continuously to leverage and extend the investment in an enterprise resource planning solution by finding synergies and efficiencies.

Staff in this LOB provide monthly, quarterly, and annual support to the Department of Finance to aid in financial monitoring, reconciliation, reporting, and external audit processing. In addition, the subject matter experts in this LOB are primarily responsible for the accurate and timely close-out of the County and FCPS financial, procurement, logistics and budget year-end close-out activities, as well as the monthly close-out activities required to maintain accurate financial accounts, maintain financial and procurement operations, and meet audit requirements.

This LOB is also responsible for the execution of the County's budget within FOCUS. In addition, the subject matter experts in this LOB are primarily responsible for the accurate and timely carry forward of budget for the County and FCPS.

In addition, the staff in this LOB regularly participate in special projects, providing Core Finance subject matter expertise, for applications that have a direct impact on or that will interface with FOCUS.

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Mandates

This LOB is not a state or federal mandate; the LOB manages a technology solution that supports state or federal mandates in agencies and compliance policies which must be performed under County, state, and/or federal guidelines. For example:

- Department of Finance – Accounting & Financial Reporting (LOB#16) - The LOB is fully mandated by the Code of Virginia §15.2-2510 Comparative report of local government revenues and expenditures, by the Code of Virginia §15.2-2511 Audit of local government records, etc.; Auditor of Public Accounts, by the Code of Virginia §§ 2.2-615 to 619 Implementation of Federal Mandates Act, by PL 104-156 Single Audit Act Amendments of 1996, and by the Code of Federal Regulation, Title 2, Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), Subparts A-F.
- Additional duties incorporated within this LOB are performed to support compliance with the County’s financial policy requirements and generally accepted accounting principles (GAAP).

Trends and Challenges

Core Finance

In recent years, the use of technology has played a significant role in the dissemination of financial information. The FBSG Core Finance team worked closely with staff from the Department of Information Technology, the Department of Finance, the Department of Management and Budget, and Fairfax County Public Schools on a countywide transparency initiative to expand the availability of financial data on the County and FCPS websites. The transparency application went live in the summer of 2013. The online application provides access to financial and budgetary data to view amounts paid to County vendors and expenditures by Fund or General Fund agency each month (www.fairfaxcounty.gov/transparency/).

While Finance serves as the central oversight department for financial/accounting areas, there are decentralized staff and processing roles in departments and agencies throughout the County. Ensuring that staff in those agencies are properly trained and have knowledge of financial processes and necessary internal controls is a challenge, given the staff size in Finance in relation to the number of FOCUS system financial module users (1,850) and the number of staff involved in various parts of decentralized financial/procurement activities. In early 2016, the Core Finance team will conduct training on the most effective methods to ensure uniformity of financial management and reporting of assets in FOCUS for staff in the various component units (e.g. FCPS, Parks, Housing) that are responsible for asset management.

Reporting

Since the day FOCUS went live, the people who work in this important system have had a consistent message: “We need more reporting.” In other words, the ability to easily pull, “slice and dice,” and present data in the various areas (financial accounting, grants management, accounts payable, accounts receivable, etc.) served by FOCUS. Staff from the FBSG and DIT have been working hard on a solution. Recently, FBSG and DIT efforts have resulted in the release of the first phase of the Data Warehouse (DW) and associated standard FOCUS Data Warehouse reports via the County’s intranet.

This new tool was implemented in FY 2016 based on ongoing conversations with FOCUS users about what works in the system and what could be better, helping to ensure that FOCUS is as efficient and effective as possible. The new Data Warehouse has been designed to enhance FOCUS reporting. The data taken from FOCUS is in a format that can be accessed and used directly in Microsoft Excel. In its current state, the FOCUS Data Warehouse offers users increased reporting speed and the ability to execute reports directly from FairfaxNet (the County’s internal website) without logging into FOCUS. The first phase of implementation includes FOCUS data related to Funds Management (FM) — information required for monthly reconciliation. As the DW project continues, additional modules such as grants management, financial accounting/general ledger, accounts payable, purchasing, and accounts receivable, will be brought into the data warehouse and the cross-module ties will be strengthened, enabling far more detailed and comprehensive reporting for users. These modules enhance end users’ ability to report and reconcile financial activity.

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Once employees have received training, they can access the new tool through a data connection in Excel, so any user who can create and use pivot tables can filter, search, and drill-down into FOCUS data nearly any way imaginable. This method of delivery also enables access from County workspaces or via telework. Nearly 300 county employees have already received training and the ability to work in the Data Warehouse to-date. Data Warehouse and standard FOCUS Data Warehouse reports provide valuable features including increased reporting speed, enhanced reporting descriptions, and access to data without logging in to FOCUS.

Another goal for reporting is to continue to expand the use of spend analytics to deliver on multiple goals of the County. DPMM and OPS would like to utilize expenditure data to identify opportunities for spend optimization and savings, get visibility of diversity spending, and minimize procurement risks.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #54: FOCUS Business Support Group - Core Finance and Reporting			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$544,458	\$565,423	\$585,844
Operating Expenses	50,495	54,740	25,497
Total Expenditures	\$594,953	\$620,163	\$611,341
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$594,953	\$620,163	\$611,341
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	8 / 8	8 / 8	8 / 8
Total Positions	8 / 8	8 / 8	8 / 8

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Total number of jobs performed for financial reporting, reconciliation and settlement	411	411	411	411	411
Percent of month-end jobs performed on time	100%	100%	100%	100%	100%
Number of End Users Trained (FOCUS Data Warehouse)	NA	NA	NA	300	300

Total number of jobs performed for financial reporting, reconciliation and settlement,

Percent of month-end jobs performed on-time:

The critical role that the FOCUS Business Support Group has of maintaining the fiscal integrity of the County's financial reporting system requires that essential functions be executed on time and accurately. The FBSG is committed to ensuring that these functions happen without issue and have achieved 100 percent completion of these duties within the required timeframes. By establishing written procedures and ensuring sufficient staffing is in place to support these critical functions, this LOB intends to maintain 100 percent completion of these duties in the fiscal years ahead.

Number of End Users Trained (FOCUS Data Warehouse):

The FOCUS data warehouse is the online reporting tool. This tool pulls data from FOCUS to allow users to synthesize data in ways that are not readily available in FOCUS. Development of this functionality was a priority following the implementation of FOCUS.