AGENCY 06 - Department of Finance

FY 2010 LINES OF BUSINESS (LOBs) REDUCTION OPTIONS

OVERALL AGENCY LOB REDUCTION TARGET = $1,442,601

LOB INFORMATION								IMPACT
Reduction Priority	LOB #	LOB Title	LOB Reduction Description	LOB Position Reduction	LOB SYE Reduction	TOTAL Reduction (REVENUE)	NET Reduction	
1	01	Financial Control & Compliance	Eliminate non-certification training	0	0.0	$0	$10,000	Negatively affects readiness to implement evolving professional standards, to introduce new techniques and technoloogies, to develop succession leadership, and to provide non-monetary incentive for staff retention.
1	03	Accounting & Financial Reporting	Eliminate non-certification training	0	0.0	$0	$1,500	Negatively affects readiness to implement evolving professional standards, to introduce new techniques and technoloogies, to develop succession leadership, and to provide non-monetary incentive for staff retention.
1	04	Payment of Countywide Obligations	Eliminate non-certification training	0	0.0	$0	$4,500	Negatively affects readiness to implement evolving professional standards, to introduce new techniques and technoloogies, to develop succession leadership, and to provide non-monetary incentive for staff retention.
1	02	Investing and Cash Flow Management	Eliminate non-certification training	0	0.0	$0	$2,000	Negatively affects readiness to implement evolving professional standards, to introduce new techniques and technoloogies, to develop succession leadership, and to provide non-monetary incentive for staff retention.
2	03	Accounting & Financial Reporting	Reduce admin support in department operations	1	1.0	$0	$33,000	Inefficient use of supervisory staff.
3	03	Accounting & Financial Reporting	Reduce funding in excess of negotiated pricing for audit services	0	0.0	$0	$180,000	No negative impact foreseen.
4	01	Financial Control & Compliance	Terminate effort to convert payments to vendors from checks to ACH transfers	1	1.0	$0	$62,000	Expanded use of commercial (off-the-shelf) applications calls for greater diligence in maintaining system security and user controls. There is likely to be some degradation of control; delays in addressing application outages (particularly critical in investment operations); and slower response to customer needs. New projects will experience delayed implementation.
5	01	Financial Control & Compliance	Eliminate central management of systems security, admin, and IT project oversight	1	1.0	$0	$112,000	Inability to deliver labor-saving PC applications to finance operations both in the Department of Finance and to agencies across the county.
6	03	Payment of Countywide Obligations	Eliminate development of PC applications for use by decentralized finance operations	1	1.0	$0	$38,000	Lost opportunities to capture cost-savings by converting payments from checks to electronic payments.
7	01	Financial Control & Compliance	Eliminate outreach program that offers assistance to decentralized finance operations and monitors compliance with County policy	6	6.0	$0	$359,000	Monitoring compliance with County policy and internal controls will be greatly reduced. Instance of abuses or improprieties will not surface as promptly; expanded use of credit card revenue collections will be delayed; financial information generated at the agency level will be more suseptible to error; external audit costs may rise without DOF early identification of issues; undetected process flaws may lead to material findings by external auditors.

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8	03	Accounting & Financial Reporting	Eliminate central oversight of federal and state grants	1	1.0	$0	$68,000	Timely receipt of grant funding (or loss of funds because of delayed or incomplete accountings) is likely. Loss of investment revenue from delayed receipt of grant reimbursements.
9	03	Payment of Countywide Obligations	Terminate outsourced analysis and payment of utility bills	1	1.0	$0	$114,000	Return to labor-intensive, manual processing of utility bills by various agencies. Elimination of this centra payment capability will again place burden on agencies to devote staff time to review of bills, processing of individual invoices, and reconciliation of payments against account billings.
10	01	Financial Control & Compliance	Terminate further development of data warehouse tool (DART) for financial reporting at the agency level	1	1.0	$0	$58,000	Loss of opportunity to expand a proven labor-saving capability to produce financial reports to the needs of individual managers.
11	03	Accounting & Financial Reporting	Reduce effort to maintain current inventory records of capital assets	1	1.0	$0	$58,000	Inability to continuously monitor accuracy of a significant element of the County's financial statement. Errors and omissions will not be detected timely; year-end adjustments will divert staff time from other necessary tasks in completing financial reports; undetected erros may lead to audit findings.
12	01	Financial Control & Compliance	Eliminate accounts receivable monitoring and collection assistance	1	1.0	$0	$45,000	Collections of amounts due the County will be delayed; delayed collections lead to uncollectibles; lost investment revenues on delayed/uncollected receivables.
13	04	Payment of Countywide Obligations	Eliminate central audit of travel accountings	1	1.0	$0	$36,000	Responsibility for ensuring compliance with County travel policy will shift to agencies. Reduced oversight of this high-profile expenditure class is likely to lead to uneven application of travel guidelines, inadequat documentation of expenses, excess travel costs, and inadvertant, but objectionable practices.
14	03	Accounting & Financial Reporting	Reduce monitoring of entries in the County's central accounting system	1	1.0	$0	$48,000	Delayed identification of erroneous or missing accounting entries. This can lead to higher audit costs, decreased confidence in financial statements, and findings of material weaknesses in reports to the public and to bond holders.
15	01	Financial Control & Compliance	Reduce program of monitoring activity in bank accounts (exception analysis)	1	1.0	$0	$47,000	Delays will be experienced in resolving discrepancies between payments issued by the County and items posted to the bank accounts. This can lead to unrecovered erroneous payments and excessive staff time to resolve issues. The County will locate fewer owners of uncashed checks, leading to higher rates of escheatment to the state and lower levels of public satisfaction with the County's level of serevice.
16	04	Payment of Countywide Obligations	Reduce activity to validate vendor-supplied information (Form W-9) used for reporting to the IRS (Form 1099)	1	1.0	$0	$49,000	The County's vendor files, vital to making accurate payments to vendors, will experience an increased error rate. This expands the opportunities for incorrect and improper payments, fraudulent activity, and non-compliance with IRS year-end information reporting (Forms 1099.) Incorrect Form 1099 submisisons subject the County to cash penalties.
17	02	Investing and Cash Flow Management	Eliminate internal capability to invest County funds (i.e., outsource to a funds manager)	1	1.0	$0	$130,000	Loss of the capability to direct investment of idle cash deprives management of the ability to conform investment strategy to the operating needs of the County. External management of investments may be highly counterproductive. Over the past ten years, the County's return on investments exceeded revenues that would have been achieved by external managers. In FY 2008 alone, the County earned in excess of $4 million greater than would have been earned by LGIP investment of these funds.
TOTAL REDUCTION ACHIEVED = 15 PERCENT				**20**	**20.0**	**$0**	**$1,455,000**	