

Office of the County Executive



Department Overview

The Office of the County Executive (OCE) provides leadership, strategic direction and administrative oversight to all aspects of government operations, makes recommendations on operations and policies to the Board of Supervisors, and ensures that County government policy as articulated and/or legislatively mandated by the Board of Supervisors is implemented in an effective and economical manner. The County Executive leads an organization with a combined yearly budget of more than \$7 billion and more than 12,000 positions, and oversees the 5 year capital improvement program of over \$5 billion. In order to succeed, it is imperative that this office works in concert with the Board of Supervisors, citizens, businesses, organizations, County agencies and other interested parties that make up the County of Fairfax. The OCE oversees and coordinates with every County agency and function, and establishes succession planning to ensure effective County operations despite changes in personnel. Through leadership, enhanced customer service, accountability, and partnerships and collaborations with the community, the office pursues a larger, corporate-wide objective: a shared vision of Fairfax County as a safe, caring, attractive, economically successful, well-connected and involved community in which care is taken to protect and preserve the natural environment.

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The Legislative Functions LOB oversees all state and federal legislative activity for the County at the direction of the Board of Supervisors, including: development of the Board's annual legislative program of state and federal statutory and budgetary initiatives, positions and principles; management of the Countywide review and analysis of proposed legislation; coordination and management of advocacy on behalf of the County; and development of legislation to address specific problems. This LOB also staffs the Board's Legislative Committee and serves as the principal County liaison with federal and state officials.

The Internal Audit Office (IAO), the Office of Public Private Partnerships (OP³), the Office of Community Revitalization (OCR), and Legislative Functions operate under the OCE.

The IAO reports to the County Executive and provides independent and objective management assurance and advisory services. IAO proactively identify risks, evaluate controls and make recommendations that will strengthen the efficiency and effectiveness of county operations. Our office operates in conformance to Government Auditing Standards which are issued by the US Government Accountability Office (GAO). These standards dictate the type of evidence needed to support our conclusions.

Services provided by the Internal Audit department include:

- Audits
 - Operational
 - Business Process
 - Information Technology
- Fraud and Ethics Investigations
- Management Advisory Services as requested by Senior Management
- Financial Reviews of organizations that provide services to the County
- Construction Contract Reviews
- Training for county staff on risk assessment, internal controls and fraud awareness

The County Vision Element that Internal Audit supports is ***Exercising Corporate Stewardship***. Internal Audit supports this vision element by providing services to help ensure that the county is accountable to citizens and conducting business responsibly.

OP³ brings together representatives and resources from the public and private sectors to address community needs and county priorities. OP³ serves as a point of contact for businesses, nonprofit and civic organizations, educational institutions, County employees and individuals that want to contribute time and resources to improve their community. By promoting corporate and civic engagement, sharing opportunities to support County priorities, and facilitating effective partnerships, OP³ increases cross-sector collaboration and leverages new resources.

OCR facilitates redevelopment and investment opportunities within targeted commercial areas of the County including the County's seven designated Revitalization Districts/Areas, Tysons and, most recently, the mixed-use areas in Reston. Working closely with local community organizations, OCR assists communities in developing and implementing a vision for their areas that will improve their economic viability and competitiveness. OCR works proactively with property owners and the community to facilitate interest in development activities that further the community's vision and on special studies, plan amendments and zoning applications that implement the vision. OCR functions as a liaison with other County staff to promote timely and coordinated accomplishment of projects; evaluates public/private partnerships using the Board's guidelines regarding public/private partnerships and the use of public funds to assist private development; works with other county departments to address maintenance of public infrastructure in revitalization areas; and is a key member of the Team that works to support the County's economic success and revitalization goals, improve the development process, and address rising workload requirements to ensure that the capacity exists to meet customer expectations and respond to development opportunities.

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Department Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
FUNDING			
Expenditures:			
Compensation	\$5,227,829	\$5,244,488	\$5,879,178
Operating Expenses	652,265	624,407	669,116
Total Expenditures	\$5,880,094	\$5,868,895	\$6,548,294
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$5,880,094	\$5,868,895	\$6,548,294
POSITIONS			
<i>Authorized Positions/Full-Time Equivalents (FTEs)</i>			
Positions:			
Regular	48 / 47.5	47 / 47	46 / 46
Exempt	7 / 7	7 / 7	7 / 7
Total Positions	55 / 54.5	54 / 54	53 / 53

Lines of Business Summary

LOB #	LOB Title	FY 2016 Adopted	
		Disbursements	Positions
4	Administration of County Policy	\$2,431,990	17
5	Administration of County Policy / Legislative Functions	607,963	3
6	Internal Audit	1,016,276	10
7	Internal Audit / Business Process Audits	357,070	4
8	Office of Public Private Partnerships	730,321	7
9	Office of Community Revitalization	1,404,674	12
Total		\$6,548,294	53

Lines of Business

LOB #4:

ADMINISTRATION OF COUNTY POLICY

Purpose

The Office of the County Executive (OCE) assesses emerging trends and issues, and identifies strategies to respond to these challenges, takes the lead role in coordinating resources to respond to countywide emergency / disaster situations, and provides ongoing support, and facilitates secession planning to ensure that County operations function effectively as various personnel leave County employment. The office takes the lead role in coordinating Continuity of Operations Planning (COOP) plans to ensure that county operations continue in the event of emergencies or disasters. Additionally, the office works with the Office of Emergency Management (OEM), and the Health Department to provide governmental and community leadership in response to an emergency or disaster. The office develops policies and programs that motivate staff, engage citizens, and effectively address community needs and priorities; acts as the official liaison with the Board of Supervisors (BOS); executes the policies established by the BOS or mandated by the state; develops and leads a customer-friendly and efficient workforce that is adaptable to the ongoing change within the County and is responsive to the diversity of our community; and seeks to ensure all agencies and employees participate in the work of leadership.

Description

The OCE, Administration of County Policy function is comprised of the County Executive, Deputy County Executives, and attendant staff who oversee each County agency and ensure that the various agencies and functions are working in concert to properly implement the policies set by the Board of Supervisors and ensure that County programs and services are delivered successfully in an efficient and cost-effective manner.

The County Executive leads an organization with a combined yearly budget of more than \$7 billion and more than 12,000 positions, the largest local government in the Commonwealth. The Office oversees a capital projects budget that yearly exceeds \$200 million and can total up to \$1.3 billion depending upon the various projects under construction or renovation in a particular year. The County Executive has a leadership role in establishing fiscal policies and operations to ensure that the County maintains a AAA bond rating from the three rating houses, thereby saving taxpayer funds due to lowered borrowing costs.

OCE Administration of County Policy is responsible for setting the strategic direction and overseeing the proper administration of all County programs, activities and services over which the BOS and County Executive have authority. In accordance with the priorities of the Board, the office assesses emerging trends and issues impacting the community and/or the organization, and identifies strategies to respond to these challenges. The Office develops policies and programs that motivate staff, engage citizens, and effectively address community needs and priorities. The Office receives and responds to numerous inquiries from County residents.

The Office provides strategic direction, leadership, and oversight of numerous cross-agency initiatives.

The Office has taken the lead role in developing, revising, and implementing the Fairfax County Board of Supervisors' Strategic Plan to Facilitate the Economic Success of Fairfax County, which includes conducting outreach and defining a long term action plan, building relationships with key stakeholders such as Board commissions, institutions of higher education, Chambers of Commerce and other industry groups, land development stakeholders, non-profits, incubators, and other innovation thought leaders, and determining measures for plan and coordinate implementation, including identifying needed resources and garnering support of partner groups and institutions.

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The Office also includes an Environmental Coordinator position responsible for the development of strategic environmental policy for the County on major issues, such as water resources, air quality, and ecological resources. This position acts as a liaison to business owners and citizens on the implementation of environmental programs that preserve and protect the County's sensitive environment and addresses environmental issues.

The Office produces the Board Package, Board Meeting calendar, and Public Hearing schedule, which are distributed to Board members as well as County staff, the media and the public. In addition, the office is responsible for coordinating agency responses to Board and citizen inquiries and is also responsible for coordinating County-wide communication and recommending tools and strategies to communicate more effectively and efficiently with employees, County residents, businesses, and community organizations using a variety of approaches and employing appropriate technologies.

To promote the culture of a high performing organization, the Office will continue to strive for cohesiveness throughout the County by following the values and principles embodied in the Employee Vision Statement. The office will also continue to promote, coordinate, and participate in regional groups committed to finding solutions and developing innovative approaches to regional issues, such as transportation and the environment.

Benefits

The OCE, Administration of County Policy provides overarching leadership to County agencies, ensures coordination among the various agencies, and facilitates cross-County initiatives, and a more efficient implementation of Board of Supervisors policies.

The County's Vision Elements were adopted to provide County employees with a set of principles on which to base efforts to meet the needs of the community and ensure that Fairfax is a safe and successful location for living, working, and recreation. The individual Vision Elements span the functions of many County agencies, and the Office's leadership and coordinating roles improve the effectiveness of the provision of programs and services to the community.

Mandates

In jurisdictions that have adopted the Urban County Executive form of governance, such as Fairfax County, the Commonwealth of Virginia, through the [Code of Virginia §15.2-509](#), requires the appointment of and compensation for a full time county executive. The county executive must submit to the BOS a proposed annual budget with recommendations, execute and enforce all board resolutions and orders.

Trends and Challenges

The County's increasing population also is growing increasingly diverse. The expectations and need for County services will continue to change and it is essential that the County continue planning for how to most efficiently meet the changing needs of a culturally diverse and aging populace.

As County policies continue to span more than one County agency, the successful provision of programs and services will require further coordination among agencies.

Funding for this LOB function comes entirely from the County's General Fund, and as such, continued budgetary challenges will require the formulation and implementation of innovative solutions, to continue to provide County programs and services with increased efficiencies.

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Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #4: Administration of County Policy			
FUNDING			
Expenditures:			
Compensation	\$2,116,062	\$2,100,937	\$2,203,678
Operating Expenses	220,487	204,597	228,312
Total Expenditures	\$2,336,549	\$2,305,534	\$2,431,990
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$2,336,549	\$2,305,534	\$2,431,990
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
Positions:			
Regular	11 / 11	10 / 10	10 / 10
Exempt	7 / 7	7 / 7	7 / 7
Total Positions	18 / 18	17 / 17	17 / 17

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Performance Targets Managed	1,394	1,445	1,400	1,400	1,400
Total Budget Overseen (in billions)	\$6.54	\$6.75	\$6.97	\$7.13	TBD
Total Positions Overseen (FTE)	12,114	12,165	12,223	12,204	TBD
Number of BOS Hearings and Committees	94	85	84	100	90
Percent of Board Items responded to within 14 days	95	95	95	95	95
Total Number of Board Items responded to within 14 days	354	312	350	338	338
Percent of Board Package Items sent out completely, accurately on time	98	98	98	98	98
Total number of Board items sent out completely, accurately, on time	503	479	563	500	500

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Performance Targets Managed:

This metric measures the monitoring of the roughly 1,400 yearly performance targets cumulatively set by each County agency every year. The Office of the County Executive works with each agency in establishing and monitoring metrics for evaluating the provision of County services.

Total Budget Overseen:

This metric measures the dollar value of the total budget funds that the County Executive must prepare and monitor yearly.

Total Positions Overseen:

This metric measures the total number of Full-Time Equivalent positions that the County Executive leads, as head of the County organization.

Number of BOS Hearings and Committees:

This metric measures the number of Board of Supervisor Board meetings, committee and subcommittee hearings which the County Executive must prepare and provide appropriate personnel to staff and answer requisite inquiries from Board, committee, and subcommittee members. The increase in FY 2016 is due primarily to additional Board Budget Committee meetings associated with the Lines of Business.

Percent of Board Items Responded to Within 14 Days:

This metric measures the efficiency of the Office of the County Executive in working with the Board of Supervisors to implement BOS policy directives and additional Board request for action or information.

Total Number of Board Items responded to within 14 days:

This metric measures the total number of items initiated by the Board of Supervisors at Board meetings that the Office of the County Executive responds to within a timely manner.

Percent of Board Package Items Sent Out Completely, Accurately, On Time:

This metric measures the effectiveness of the Office of the County Executive in coordinating among the various County agencies to ensure that items for Board of Supervisors information or action are correctly compiled and presented to the BOS and the general public in a timely manner.

Total Number of Board Items Sent out Completely, Accurately, On Time:

This metric measures the total number of Board items for Board meetings that the Office of the County Executive prepares and accurately sends out to Board offices prior to Board meetings.

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LOB #5:

ADMINISTRATION OF COUNTY POLICY / LEGISLATIVE FUNCTIONS

Purpose

The Legislative Functions LOB develops and advocates the positions of the Fairfax County Board of Supervisors at the state and federal levels, staffs the Board's Legislative Committee, and monitors and evaluates legislative proposals during the General Assembly and Congressional sessions and throughout the year to determine the potential impact on the County.

Description

The Legislative Functions LOB develops, articulates, and advocates for the BOS' annual program of state and federal legislative and budgetary initiatives and positions. These documents are shared with legislators, constituents, and stakeholders to communicate the County's priorities and positions, and guide the advocacy efforts of legislative staff. Additionally, the Director of this LOB serves as the County's chief legislative advocate and principal County liaison with federal and state officials.

Advocacy on behalf of Fairfax County's interests is particularly crucial at the state level. Because Virginia is a strict adherent to the Dillon Rule, Fairfax County (and all other Virginia local governments) only has those powers granted expressly by the General Assembly (GA). The state can also rescind powers previously conferred. As a result, this LOB advocates for and represents Fairfax County throughout the year (both when the GA is in regular and special sessions and during the off-session) to seek new authority (enabling legislation), preserve existing authority, seek or preserve funding, and avoid unfunded mandates. The Legislative Functions LOB works at the Board's direction to advocate for state legislative changes (and administrative changes, as appropriate) on a wide, diverse range of issues, some of which have the potential to impact all County operations and services. Examples of such issues include: the state budget, education and transportation funding, taxation, land use, human services, and public safety, among others.

To develop, articulate, and advocate for the Board's state and federal legislative program, this LOB:

- Manages the Countywide review and analysis of proposed legislation.
- Reports to the Board, its Legislative Committee, and the County Executive on potential impacts to the provision of County services.
- Creates and implements strategies to acquire and retain legislative authority necessary for the County to meet the needs of residents.
- At the request of the Board, develops legislation and position statements to address specific problems identified by constituents, County agencies, and/or Boards, Authorities, and Commissions.
- Directs the private federal and state lobbying firms retained by the County to supplement the work of the County's in-house legislative staff.
- Collaborates with other jurisdictions and organizations to leverage necessary advocacy resources.
- Builds and maintains relationships with state and federal elected officials and administrators.
- Monitors and reports on potential impacts of relevant federal legislation.
- Coordinates meetings between County elected officials and the County's GA and Congressional delegations.
- Analyzes the state budget, particularly impacts on the provision of services at the local level and the allocation of state tax revenues.
- Researches state and federal legislative issues as requested by the Board.

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- Drafts and transmits letters from the Board to state and federal elected officials and agency directors regarding issues which impact the County.
- Represents the County's interests at study work group and commission meetings throughout the year.
- Organizes opportunities for the Board to discuss County priorities with state legislators (December work session and February reception in Richmond).

LOB History and Composition

Government Relations was designated as a LOB within the County Executive's office in 2015; however, since 1988, the Government Relations function has existed within the County Executive's office (prior to 1988, the Office of the County Attorney had primary responsibility for representing the County's interests at the state level). The composition of the team has evolved over the years to ensure the priorities and interests of the County are adequately represented at the state and federal level. Currently, this LOB includes three full-time positions (Legislative Director, Deputy Legislative Director, and Legislative Associate) and one part-time position (Legislative Assistant). When the GA is in session, this LOB "borrows" one full-time staff person from both the Office of the County Attorney and Department of Transportation. In addition, this LOB directs the lobbying activities of private firms retained by the County during the annual Virginia GA, Congressional sessions, and throughout the year.

Benefits

The Legislative Functions LOB provides legislative expertise custom-made for Fairfax County. Legislative Functions employees have a combined 29 years of County service in this LOB and frequently tap their institutional memory and longstanding relationships with County staff, legislators, and stakeholders to answer research questions, develop strategies for legislative initiatives, and advocate on the County's behalf.

Activities performed by this LOB directly support all Boards, Authorities, and Commissions (BACs) and County agencies' ability to achieve the seven County Vision Elements. Working with the Board of Supervisors, BACs, and County staff, this LOB explores and pursues legislative strategies to improve program efficiency and effectiveness. The Legislative Functions LOB also monitors nearly all standing General Assembly (GA) committees, which means the County's priorities are represented when GA members are more likely to consider County amendments and opposition to bills. Additionally, the Legislative Functions LOB manages the countywide state legislative review process, providing a mechanism for County staff to proactively identify bills that may negatively impact County services. When necessary, this LOB helps County staff prepare to testify before state legislative committees, to ensure the County's interests are appropriately represented. The Legislative Functions LOB also indirectly serves all County residents, because funding levels and authority bestowed by the state dictate services available to County residents and influence local tax rates.

Unlike contract lobbyists, Legislative Functions employees work exclusively for Fairfax County year-round and focus primarily on how legislation impacts County priorities. Additionally, this LOB represents the County at community meetings/work groups and answers legislative questions from the Board of Supervisors, BACs, and County staff without charging an additional fee for each hour of work performed.

Mandates

This Line of Business is not mandated.

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Trends and Challenges

Unfortunately, it has been the practice of the Commonwealth to significantly underfund core services, leaving localities to fill funding gaps with local revenues in order to maintain essential services. This poses a particular threat to economic development efforts, as state funding cuts in recent years, coupled with the impact the recession has had on local revenues, threaten to destroy the very attributes that draw businesses to Fairfax County. The Legislative Functions LOB plays offense and defense to ensure the County receives adequate state funding for transportation and education, among other services. For example, this LOB is staffing the Board of Supervisors' multi-year effort to secure more state funding for K-12 education, similar to this LOB's efforts to reform state transportation funding, which were ultimately successful in 2013 after many previous attempts.

In addition to funding constraints, the County's authority is significantly restricted as Virginia is a Dillon Rule state. As a result of the Dillon Rule, the relationship between the state and localities is unique in Virginia as compared to other states. In many instances, an overemphasis on statewide uniformity does not adequately consider the particular issues experienced in growing and urbanizing localities, limiting the County's ability to respond to community standards and priorities. To respond to emerging issues and trends in the County, the Legislative Functions LOB regularly works on behalf of the BOS and County agencies to implement legislative strategies seeking state authority to modify programs. This requires legislative staff to work closely with statewide and regional partners to achieve County goals (including other local governments, business groups, statewide organizations, and non-profits, among others).

Another critical challenge comes at the federal level, as Congress continues to struggle with fiscal issues. As a result of sequestration cuts and changes in federal spending, the Fairfax County economy has been negatively affected in recent years, due to a local and statewide dependence on federal spending (i.e., federal government jobs, contractors, and procurement). Such challenges at the federal level are likely to continue in the coming years, creating ongoing challenges for the County. This LOB oversees the activities of a private lobbying firm, which include monitoring changes in federal spending and identifying opportunities to offset federal cuts.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #5: Administration of County Policy / Legislative Functions			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$331,336	\$301,861	\$330,000
Operating Expenses	259,581	260,806	277,963
Total Expenditures	\$590,917	\$562,667	\$607,963
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$590,917	\$562,667	\$607,963
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	3 / 3	3 / 3	3 / 3
Total Positions	3 / 3	3 / 3	3 / 3

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Days the General Assembly (GA) is In Session	45	60	45	60	45
Positions Taken by Board of Supervisors on Bills	148	197	152	197	150
Bills Referred to County Staff for Review	1,529	1,613	1,853	1,600	1,690
GA Committee Meetings Attended by Legislative Staff (Estimated)	315	395	349	395	322
Grant Opportunities Disseminated to County Staff (Estimated)	117	135	100	117	117

This LOB's Metrics 1-4 pertain to state lobbying efforts. Metric 1 captures the duration of the GA session, which alternates between 45 and 60 days (in odd and even numbered years, respectively). The length of the GA session impacts Metrics 2 through 4, which typically are higher for fiscal years with a long session (FY 2013 and FY 2015). During 45-day sessions, House of Delegates members are limited to fifteen bills apiece; there is no limit in 60-day sessions. The GA usually considers fewer bills in 45-day sessions, compared to 60-day sessions. As a result, typically fewer GA committee meetings are held, fewer bills are reviewed by County staff, and fewer positions are taken by the BOS during 45-day sessions. However, that may vary based on the circumstances of a particular session. In addition, in the recent past, special sessions have been convened almost every year, but their duration varies significantly and so does the resulting workload (Metrics 1-4 do not include special session data).

This LOB's Metric 5 captures the number of federal grant opportunities disseminated by legislative staff to County agencies.

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LOB #6:

INTERNAL AUDIT

Purpose

The Internal Audit LOB exists to provide independent, objective assurance over the adequacy of internal controls functioning in the County; and management advisory consulting that adds value to and improves County operations. Internal Audit reports to the County Executive and supports County agencies/departments in accomplishing their objectives by utilizing a systematic, disciplined approach to assess and improve the effectiveness of risk management, internal control, and governance processes.

Description

The Internal Audit Line of Business (LOB) consists of all major activities performed by the County's IAO except for the Business Process Audits which have been broken out into a separate LOB. This LOB includes the following functions:

- Operational Audits
- Information Technology Audits
- Fraud and Ethics Investigations
- Management Advisory Services
- Financial Reviews of organizations that provide services to the County
- Construction Contract Reviews
- Follow Up Activities
- Training for county staff on risk assessment, internal controls and fraud awareness

All work completed by IAO is performed in accordance to Government Auditing Standards which are issued by the U.S. Government Accountability Office (GAO). These standards dictate the evidence required to support our conclusions. To ensure compliance to these standards, IAO is subject to quality assurance peer reviews every 3 years by auditors from other local governments.

IAO performs a risk assessment each fiscal year to determine audits and management advisory projects for an Annual Audit Plan that will provide the most value for the resources spent. This includes obtaining information by sending out risk assessment questionnaires; and meetings with senior management discuss their current operational environment, risks and objectives. Other factors considered include how long it has been since an area has been audited and the materiality of issues found in prior year audits. Fraud and ethics investigations are performed throughout the year based on allegations that the IAO receives. Finally, Financial Reviews, Construction Contract Reviews and Management Advisory Services are performed as requested by County agencies/departments throughout the year.

Projects are performed by professional staff auditors with an average of 10 years of experience. Auditors performing this work are required to have active certification as a Certified Public Accountant (CPA), Certified Internal Auditor (CIA) or Certified Information Systems Auditor (CISA) and have at least a bachelor's degree with major course work in accounting, auditing, finance and/or information systems.

Internal Audit has been performing all of the functions listed above except for the Financial Reviews since it was established by the Board of Supervisors in 1982. The Financial Reviews started in 2008.

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A more detailed description of each function is as follows:

Operational Audits are performed to evaluate County program/process' efficiency and effectiveness. These audits are completed to determine the adequacy of controls over areas such as money coming into the county; purchases made; waste and ineffective use of county resources; compliance to contract/legal requirements and fraud.

Information Technology Audits are performed to ensure that data processed on information systems is secure, complete and accurate. In these audits, we examine the county's information technology infrastructure, policies and operations to ensure there are proper information system controls to protect company information assets and data; validate compliance with IT specific privacy laws; make sure information is correctly processed in the system; and ensure that system reports used in management decisions are accurate.

Fraud and Ethics Investigations are conducted to review allegations of fraud, waste, abuse and ethical violations. IAO is the owner of the County's Fraud Hotline which receives calls from County staff and external citizens. Additionally, allegations come from the IAO website Fraud Reporting Form, direct phone calls to our office, or in-person communication at our office. Internal Audit ensures that other county agencies are brought into the investigation as needed (i.e. Police, Human Resources, Office of Public Affairs, etc.). At the end of the investigation, IAO ensures that proper controls are implemented if the area being investigated has an increased risk for fraud. Finally, IAO also owns the Ethics Hotline where County employees can call to proactively call to report allegation of ethics violations and obtain advice on how to handle situations that arise involving ethical dilemmas.

Management Advisory Services are management requests for consultative projects that may involve the review of programs, goals, contracts, procedures, and controls within financial and operational areas.

Financial Reviews are financial analyses of organizations receiving funding from the county in which questions have arisen as to their financial viability. Most of these reviews are performed for Human Services divisions that have financial concerns regarding their not-for-profit organization partners receiving county funding to provide public services. These reviews are performed to ensure proper stewardship of these funds.

Construction Contract Reviews include reviews of proposed architect and engineer (A&E) overhead rates to ensure that only allowable costs are included so the County can negotiate the lowest rate; analyses to determine a construction firm's financial ability to complete required work prior to awarding the contract; and contractor claim reviews.

Follow-Up Activities are performed on all projects completed by IAO that have findings/recommendations. IAO performs procedures after the audit/project reports have been issued to verify that action plans stated in the management response during the audit/project have been implemented.

Training is conducted by IAO staff to educate staff throughout the county on risk assessment, internal controls and fraud awareness. IAO participates in County management training classes 4 times a year and works with the Office of Public Affairs to have regular fraud/ethics articles included in NewsLink and other newsletters circulating throughout the County. The goal is to train county staff on developing good internal controls and be able to detect the warning signs of fraud to promote continuous monitoring even when an auditor is not performing audit work in that area.

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Benefits

Internal Audits and Management Advisory Projects provide independent, objective assessments of risk, controls, and compliance, transparency of county operations and fraud deterrence. Audit/project report recommendations lead to enhanced controls over processes, programs, and functions; increased efficiency and effectiveness of county operations; cost savings and revenue enhancement; and more effective management decision making.

Follow Up Activities on recommendations hold County agencies/departments accountable for making the necessary changes to improve their operations.

Fraud and Ethics Investigations resolve these harmful threats to the organization before they can cause any additional damage. Our auditors are professionally trained in fraud investigation to avoid critical mistakes that can occur when county staff without expertise take it upon themselves to investigate. Additionally, recommendations are made to strengthen controls to prevent the schemes from happening in the future.

According to the *Association of Certified Fraud Examiners 2014 Report to the Nations on Occupational Fraud and Abuse*,

“...Passive detection methods (confession, notification by law enforcement, external audit and by accident) tend to take longer to bring fraud to management’s attention, which allows the related loss to grow. Consequently, proactive detection measures – such as hotlines, management review procedures, internal audits and employee monitoring mechanisms – are vital in catching fraud early and limiting their losses.”

“Organizations with hotlines were much more likely to catch fraud by a tip, which our data shows is the most effective way to detect fraud. These organizations also experienced frauds that were 41% less costly, and they detected frauds 50 percent more quickly.”

IAO is committed in our efforts to combat and prevent fraud in the county by monitoring the Fraud Hotline and Ethics Help Line. All of IAO’s audits include a fraud detection component; and provide guidance to county staff when ethical dilemmas arise. IAO has continued to work to raise awareness of fraud and ethics and the need for employees to contact our office when fraud is suspected or questions arise.

Financial Reviews provide management with a tool to assess the financial strength of a company doing business with or providing services to the County. This additional information leads to better management financial decision making, cost savings and corporate stewardship. These projects have saved the county from misappropriating funds to organizations that could not perform the agreed upon services because they were not financially stable.

Construction Contract Reviews ensure that only allowable costs are included for overhead rates, labor burdens and change orders in construction contracts. These projects have yielded the county recommended cost savings of hundreds of thousands of dollars in some years.

Training efforts lead to increased knowledge and awareness of county staff. Once staff is educated on risk assessment, internal controls and fraud detection they have to tools to perform risk assessments, develop solid internal controls and detect fraud in their agencies/departments. This contributes to more effective and efficiency operations.

Mandates

This Line of Business is not mandated.

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Trends and Challenges

Trends

Information Technology: Cybersecurity is a rapidly growing threat that needs to be addressed by all organizations that store confidential/sensitive financial, personal and organizational data. Data breaches are a common occurrence in headline news. The County electronically stores a significant amount of confidential/sensitive data from social security numbers to health records. Additionally, technology is rapidly changing and we live in a world of constant connectivity. IT controls must keep up to ensure County data is secure, complete and accurate.

Regulatory Compliance: New and changing regulations are placing increased burdens on County agencies/departments under tight budgets increasing the risk that compliance to certain requirements for federal, state and county regulations such as OMB Circular A-133, Health Care Reform, the Health Insurance Portability and Accountability Act (HIPAA), Payment Card Industry Data Security Standard (PCI DSS), the Virginia Records Act and the Fairfax County Information Technology Security Policy may be missed

Third Party Relationships: To more effectively serve its constituents, the County is increasing relying on third parties in its operations. From partnering with a not-for-profit organization to outsourcing computing services to the cloud, these relationships require solid oversight and contract governance to ensure they are not falling short of their responsibilities.

Challenges

Staff Development/Training: With the rapidly changing technology and ever changing regulatory environment in the County, it is imperative that our auditors have proper training to be able to effectively audit controls over new technology and compliance to new regulations. Most of the IAO staff require some type of professional certification (i.e. CPA, CIA, CISA) that has continuing education requirements of around 40 hours per year. Training for accounting/information technology technical classes has become increasingly expensive and IAO has been supplementing the training budget with some of the surplus funding from position vacancies over the last few years. The office is now fully staffed, so getting everyone all of their continuing professional education hours on topics required to keep up to date on technology and regulatory requirements will be challenging.

Talent Recruitment and Retention: The role of Internal Audit has been expanding to areas beyond the historical compliance based scope. Increasingly Internal Audit staff is required to have adequate subject matter expertise in new technology (i.e. Cloud Based Systems, Social Media, Mobile Devices, etc.) and regulatory areas (i.e. Health Care Reform, Medicaid/Medicare, Data Security Standards, etc.) in order to properly perform our audits. IAO needs to be able to recruit, retain and develop staff to ensure any gaps in needed skill sets are closed. Recruitment and retention is especially challenging to obtain and retain IT Auditors with strong, up to date technical skills as they are in high demand and are able to command higher salaries.

Levels of Audit Coverage: Given current staffing levels IAO is unable to perform, Operational, and IT audits at desired frequency or scope levels. Workload increases from additional responsibilities in the areas of fraud, ethics, and financial reviews result in delays in getting Annual Audit Plan projects completed and reports issued in as timely a manner as desired.

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Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #6: Internal Audit			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$821,973	\$796,020	\$980,602
Operating Expenses	44,914	48,306	35,674
Total Expenditures	\$866,887	\$844,326	\$1,016,276
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$866,887	\$844,326	\$1,016,276
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	10 / 10.4	10 / 10.4	10 / 10.4
Total Positions	10 / 10.4	10 / 10.4	10 / 10.4

Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Audits and Contract Management Advisories Completed	26	21	21	25	25
Allegations & Questions on Fraud and Ethics Help Hotline	50	70	79	70	70
Revenue Covered by Audits/Projects	\$151,278,168	\$2,277,740,015	\$42,660,000	\$19,029,000	TBD
Expenditures Covered by Audits/Projects	\$2,614,795,465	\$42,074,015	\$2,425,636,000	\$134,800,000	TBD
Percent of Recommendations that Increased Efficiency/Effectiveness of Department Operations	70%	100%	100%	95%	95%
Percent of Recommendations that Strengthened Management Controls	70%	100%	100%	95%	95%
Percent of Recommendations Implemented	60%	88%	53%	80%	80%
Contract Cost Savings Identified from Architecture and Engineering (A&E) Desk Reviews	\$207,190	\$135,200	\$21,732	\$50,000	\$50,000

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Metric Type - Output

Audits and Contract Management Advisories Completed – This metric measures the volume of work produced by the department during a fiscal year. The metric is based upon the count of audit reports and memos issued for Operational Audits, IT Audits, Management Advisory Audits, Architecture and Engineering (A&E) Desk Reviews, and Pre-Award Desk Reviews. Data for this metric is retained in the department's Project Tracking Database. The downward trend over the last two years is largely due to the Deputy Director position that was vacant during half of fiscal years FY 2014 and all of FY 2015. This impacted the number of audits and reviews that could be properly managed during the year. Additionally, the number of fraud and ethics allegations that our office had to investigate increased which pulled some of our resources off of audits and management advisories. Finally, there was a slight decrease in requests to perform A&E and Pre-Award Desk Reviews; which are a function of procurement activities in other departments. Our estimate for FY 2016 and FY 2017 reflects an increase capacity to manage more engagements during the year with the filled Deputy Director position.

Allegations & Questions on Fraud and Ethics Help Hotline – This metric measures the volume of actions taken in response to submissions to the fraud and ethics hotline. The metric is based upon the count of fraud or ethic allegation reports received through the county's hotline. Data for this metric is retained in the department's Fraud and Ethics Tracking Database. The upward trend in reports received can be attributed to more awareness of the hotlines by employees and county residents. While the number of reports received has increase over last three years, the actual confirm instances of county fraud and/or ethic violations were 2 for FY 2013 and FY 2014 and 3 for FY 2015. Our estimate for FY 2016 and FY 2017 reflects our expectation that reports to the hotline will remain at the same level.

Revenue Covered by Audits/Projects – This metric measures the amount of revenue reviewed and affected by recommendations in our audits/projects during a fiscal year. The metric is based upon the value of specific revenue areas in departments/agencies that were reviewed through Operational Audits, Information Technology (IT) Audits, and/or Management Advisory Projects. The sources of data for this metric were the audit reports, audit work papers, county financial reports, and adopted county budget reports. The fluctuations over the past three years is based on the departments and transactions selected for audit. Our risk base audit approach results in the selection of key revenue areas for audit but also includes other factors such as expenditures, information system controls and fraud risks. In FY 2014, IAO audited real estate property taxes and land development fees and deposits, two high revenue areas for the county. Our estimate for FY 2016 reflects revenue audits included in our FY 2016 audit plan. FY 2017 reflects a figure to be determined as projections cannot be established until a risk assessment is performed to identify the relevant risks present in FY 2017 which will drive the audit program.

Expenditures Covered by Audits/Projects – This metric measures the amount of expenditures under audit during a fiscal year or expenditures affected by audit recommendations to strengthen controls. The metric is based upon the value of expenditure transactions in departments that were reviewed through our Operational Audits, Information Technology (IT) Audits, and/or Management Advisory Projects. The sources of data for this metric were the audit reports, audit work papers, county financial reports, and adopted county budget reports. The fluctuation over the past three years is based on the departments and transactions selected for audit. Our risk base audit approach resulted in the selection of key expenditure areas for audit but also includes other factors such as money coming into the county, information system controls and risk of fraud. A large portion of our expense testing is perform through our other line of business – Business Process Audits. In FY 2013, IAO performed a management advisory service to significantly improve the controls over department/agency monthly financial reconciliations, a key internal control over all county expenditures. In FY 2015, IAO performed an audit to review the internal controls over the county's electronic payments. Our estimate for FY 2016 reflects expenditure audits included in our FY 2016 audit plan. FY 2017 reflects a figure to be determined as projections cannot be established until a risk assessment is performed to identify the relevant risks present in FY 2017 which will drive the audit program.

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Metric Type – Service Quality

Percent of Recommendations that Increased Efficiency/Effectiveness of Department Operations – This metric measures the auditee’s assessment as to whether audit recommendations made improved efficiency and/or effectiveness of their department operations. The metric is based upon the percentage of auditees who responded on the Customer Satisfaction Questionnaire Agree or Strongly Agree to the question “did recommendations provide ways to improve efficiency and/or effectiveness in department operations”. Data for this metric is retained in files by the department. The two year trend of 100 percent reflects our understanding of county operations and ability to work with departments to provide internal controls recommendations that improve department operations. IAO estimates for FY 2016 and FY 2017 reflect our recognition that past history has shown that a small percentage of auditees may not always recognize recommendations as an improvement to operations.

Percent of Recommendations That Strengthened Management Controls – This metric measures the auditee’s assessment that recommendations made to improve or implement internal controls strengthened their control environment. The metric is based upon the percentage of auditees who responded on the Customer Satisfaction Questionnaire Agree or Strongly Agree to the question “did recommendations sufficiently address ways to strengthen management controls”. Data for this metric is retained in files by the department. The two year trend of 100% reflects our understanding of county operations and ability to work with departments to provide internal controls recommendations that strengthen management controls. Our estimates for FY 2016 and FY 2017 reflect our recognition that historically a small percentage of auditees will not always perceive audit recommendations as opportunities to strengthen management controls.

Metric Type – Outcome

Percent of Recommendations Implemented – This metric measures the audit recommendations implemented by auditees that have been verified by an Internal Audit follow up review. Data for this metric is retained in department’s Project Tracking Database. The FY 2015 total of 53 percent reflects that county agencies/departments have incurred challenges in fully implementing recommendations, particularly the larger, technically complex ones. Additionally, while Internal Audit does follow up on all recommendations made in audit reports, due to limited resources, staff may not always have time verify audit recommendation implementation as quickly as IAO would like. Our estimates for FY 2016 and FY 2017 reflect our plan to work with departments to set more realistic action plan deadlines.

Contract Cost Savings Identified from Architecture and Engineering (A&E) Desk Reviews
This metric measures the cost saving identified by an IAO recommendation of lower indirect overhead rate on A&E contracts. The metric is based upon IAO’s review of an A&E vendor’s submitted indirect overhead rates to ensure that only allowable costs are included in the calculations. Data for this metric is retained in Internal Audit’s Project Tracking Database. The downward trend is partially due to the decrease in the number of review requests from a high of 16 to a low of 11 during the three years. It should be noted that the majority of cost savings identified are identified on the initial review of a vendor indirect rate, of which there were 13 instances during the three year period. During the three year period, seven vendors have been reviewed more than once with only 3 having repeat finding of cost savings. Our estimates for FY 2016 and FY 2017 reflect our expectation that IAO will be performing first time review on new vendors.

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LOB #7:

INTERNAL AUDIT / BUSINESS PROCESS AUDITS

Purpose

Business Process audits are performed to ensure that agencies/department are in compliance with county policies for tasks required of them by the central service agencies - Department of Finance (DOF) and Department of Purchasing and Supply Management (DPSM). These audits make sure that controls are at appropriate levels to minimize the County's risks for error or fraud and provide management assurance that purchasing and finance activities are properly performed.

Description

Business Process Audits are standardized compliance audits performed on all county agencies/departments on a recurring basis. Currently, Business Process audits programs include steps to ensure compliance with policies and procedures for purchasing and financial transactions. Examples of specific processes audited are procurement card purchases, purchase order processing and monthly financial reconciliations. County agencies/departments are on a 3 year cycle to have a Business Process Audit done in their area. IAO currently has 3 Business Process auditors who are dedicated to performing these audits. Additionally, one of the responsibilities of the department's Lead Auditor is to supervise the Business Process Audits. For each audit, the auditor will obtain an understanding of the department/agency processes by interviews with the auditees; select samples of transactions to verify; and communicate results and recommendations through an exit meeting and audit report. IAO plans to add steps to validate human resource processes in FY 2016. Internal Audit started performing Business Process audits in FY 2012.

Benefits

Business Process Audits provide assurance to citizens and County management for proper stewardship of public funds and accountability for accurately processing financial transactions. The standardization of the audit program allows for faster audit turnaround times while ensuring a consistent application of internal controls in the areas audited. The Business Process auditors are physically present in more agencies/departments on a more frequent basis giving IAO better coverage and enhancing our understanding of the various control environments that exist throughout the County. With this understanding, IAO can better utilize our resources to mitigate elevated risk environments. Additionally, having dedicated Business Process Auditors allows our Senior and Information Technology auditors to perform more specialized, custom audits to address high risk areas of more technically complex issues. Finally, the Business Process Audits provide a robust method to evaluate the effectiveness of internal controls over procurement card purchases which is considered one of the greatest risk areas for government spending.

Mandates

This Line of Business is not mandated.

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Trends and Challenges

Trends

Credit Card Fraud: In recent years, there has been an increased level of sensitive data breach activity (i.e. Target, Home Depot, U.S. Office of Personnel Management (OPM), etc.) which has increased the County's risk for procurement card fraud. IAO has taken steps to include a more robust analysis and review of procurement card transaction populations for agencies/departments.

Challenges

Levels of Audit Coverage: IAO is currently only able to perform a Business Process audit for the approximately 54 agencies/departments in the County once every 3 years. The length of time between audits is not optimal as many changes that increase risk can occur in a 3 year period. There are also additional tasks County agencies/departments are required to perform from central service agencies that IAO would like to add to the audit program. Currently, IAO is developing audit steps to include in the audit program that will test Human Resource policies/procedures performed at the agency/departmental level. However, this would increase the length of time to complete agency/department audits which could result in an extension of the audit performance cycle beyond the current 3 years. Our challenge and goal is to maintain the minimum 3 year cycle even with the additional steps and try to shorten that cycle in the future.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #7: Internal Audit / Business Process Audits			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$288,801	\$279,683	\$344,536
Operating Expenses	15,781	16,972	12,534
Total Expenditures	\$304,582	\$296,655	\$357,070
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$304,582	\$296,655	\$357,070
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	4 / 3.6	4 / 3.6	4 / 3.6
Total Positions	4 / 3.6	4 / 3.6	4 / 3.6

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Audits Completed	12	17	11	15	15
Number of Procurement Cards Audited	323	760	228	500	400
Procurement Covered by Audits	\$108,644,843	\$448,645,697	\$197,168,974	\$400,000,000	TBD
Percent of Recommendations that Increased Efficiency/Effectiveness of Department Operations	75%	92%	100%	95%	95%
Percent of Recommendations that Strengthened Management Controls	75%	85%	100%	95%	95%
Percent of Recommendations Implemented	76%	93%	74%	80%	80%
Number of Procurement Cards Revoked as a Result of Audits	0	0	0	0	0

Metric Type - Output

Audits Completed – This metric measures the volume of work produced by the department during a fiscal year. The metric is based upon the count of audit reports issued for Business Process Audits. Data for this metric is retained in the department’s Project Tracking Database. The trend over the last three years is partially based on the Deputy Director position being unfilled during fiscal years FY 2014 and FY 2015, which impacted the number of audits that could be properly managed during the year. In addition, there were several larger departments with greater volume and complexity in financial transactions that had Business Process audits completed in FY 2015; and some of the Business Process Auditor’s time was allocated in developing new audit programs for Human Resource delegated functions which should be rolling out in FY 2016. Our estimate for FY 2016 and FY 2017 reflects an increase capacity to manage more engagements during the year with the filled Deputy Director position.

Number of Procurement Cards Audited – This metric measures the number of procurement cards audited during a fiscal year. The metric is based upon the number of procurement cards tested as part of the Business Process Audits. Data for this metric is pulled from the PaymentNet system and retained in the department’s work papers. The fluctuations over the last three years is based on the sizes of the departments selected for audit and the number of procurement cards issued to the department. Our audit program steps are the same for both large and small departments. All county departments/agencies are on our rotation and each year we select a variety of departments. Our estimate for FY 2016 and FY 2017 reflects the audit rotation schedule and our expectation that departments will still have approximately the same number of cards issued.

Procurement Covered by Audit – This metric measures the dollar value of procurement tested in our Business Process Audits during each fiscal year. The metric is based upon the value of Procurement Card, FOCUS Marketplace, Purchase Order, Value Line Purchase Order, and Non Purchase Order transactions completed for the departments selected for Business Process Audits. Data for this metric is obtained from FOCUS and PaymentNet and retained in the audit reports. The fluctuations over the last three years is due to the sizes of the departments selected for audit and the procurement required by each department. Our audit program steps are the same for both large and small departments. All county departments/agencies are on our rotation and each year IAO selects a variety of departments. Our estimate for FY 2016 and FY 2017 reflects the audit rotation schedule and our expectation that departments will still have the same level of purchasing.

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Metric Type – Service Quality

Percent of Recommendations that Increased Efficiency/Effectiveness of Department Operations – This metric measures the auditee’s assessment that audit recommendations improved the efficiency and/or effectiveness of their department operations. The metric is based upon the percentage of auditees who responded on the Customer Satisfaction Questionnaire with Agree or Strongly Agree to the question “did recommendations provide ways to improve efficiency and/or effectiveness in department operations”. Data for this metric is retained in files by the department. The upward three year trend reflects our understanding of county operations and ability to work with departments to provide internal controls recommendations that improve department operations. Our estimates for FY 2016 and FY 2017 reflect our recognition that not all auditees will always perceive recommendations as improvement to operations.

Percent of Recommendations that Strengthened Management Controls – This metric measures the auditee’s assessment of whether the recommendations made by Internal Audit strengthened management controls. The metric is based upon the percentage of auditees who responded on the Customer Satisfaction Questionnaire with Agree or Strongly Agree to the question “did recommendations sufficiently address ways to strengthen management controls”. Data for this metric is retained in files by the department. The upward three year trend reflects our understanding of county operations and ability to work with departments to provide internal controls.

Metric Type – Outcome

Percent of Recommendations Implemented – This metric measures audit recommendations implemented by auditees that have been verified by an Internal Audit follow up review. Data for this metric is retained department’s Project Tracking Database. The FY 2015 total of 74 percent reflects our understanding that county agencies/departments have incurred challenges in fully implementing recommendations. Additionally, while Internal Audit does follow up on all recommendations made in audit reports, due to limited resources, staff may not always have time verify audit recommendation implementation as quickly as IAO would like. Our estimates for FY 2016 and FY 2017 reflect our plan to work with departments to set more realistic action plan deadlines.

Number of Procurement Cards Revoked as a Result of Audits – This metric measures the number of procurement cards that were taken away from departments/agencies because they were considered a high risk for fraudulent, inappropriate or erroneous purchases. Risk factors that precipitate the removal of a procurement card from a department/agency would be high levels of suspicious card activity or a poor internal control procedures that are not addressed in a timely manner. The fact that no cards have been revoked in the past 3 years indicates a strong control environment over procurement card purchases. IAO does not anticipate any card removals in FY 2016 and FY 2017.

LOB #8:

OFFICE OF PUBLIC PRIVATE PARTNERSHIPS

Purpose

OP³ identifies and promotes opportunities for cross-sector collaboration to address county priorities and to leverage resources to meet community needs.

Description

OP³ was reorganized in 2009 to shift from managing four human services partnership programs to convening and facilitating partnerships that support county priorities.

OP³ accomplishes this work through four strategies:

- Increase business and foundation engagement and contributions in Fairfax County.
- Develop partnerships that leverage financial and non-financial resources.
- Communicate county needs and promote opportunities for engagement.
- Utilize and share data, best practices, and technology to support partnership development.

Three staff positions in OP³ focus on partnership and resource development, each concentrating on a different sector. The Corporate Social Responsibility (CSR) Program Manager builds relationships to increase engagement of individual companies and business associations. The Foundation and Nonprofit Liaison connects foundations to strategic county initiatives and helps build capacity among nonprofits by providing information, training and consultation. The Partnership Developer is a generalist who facilitates new and ongoing partnerships with FCPS, county agencies and nonprofit and civic organizations to improve efficiency and reduce duplication in program delivery.

The Communications and Marketing Coordinator develops messages and materials for partnership and giving opportunities and works with a network of chamber of commerce and corporate communicators to expand the reach of county information and requests. The Business Administrator manages the Human Resources and budget functions and manages the county's new volunteer management system (VMS). The Volunteer Resource Coordinator position, which will be eliminated in 2015 when the incumbent retires, fosters training and resources for county volunteer programs and tracks countywide volunteer metrics. The Administrative Assistant supports the work of the agency and the director and assists with data management. The Executive Director works with county leadership to determine OP³ priorities, represents the county in corporate and nonprofit leadership forums, and serves as a business development manager connecting private resources with known county needs.

Benefits

OP³ demonstrates that collaboration and cross-sector solutions are a priority in Fairfax County.

OP³ was one the first offices for strategic partnership established nationally, a model which is now found across the country and at all levels of government. OP³ staff actively participate in business, foundation and nonprofit networks and engages these contacts and resources to support county initiatives. Leaders in business, philanthropy and nonprofits actively seek out OP³ for information about and connections with Fairfax County. The results of OP³ partnerships are measurable, but not always in financial values. Many partnerships produce immediate, tangible, and quantifiable benefits like donations of money, food, shoes, school supplies, and volunteer time. Some partnerships result in benefits that are quantifiable, but the value and impact is not easily monetized, such as financial literacy programs and prescription drug drop-off. Other partnerships increase the efficiency and effectiveness of the county government and increase private

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sector engagement. These partnerships have important benefits that are demonstrable and beneficial, but not easily monetized, such as the 50+ Employment and Entrepreneurship initiative and Workforce Development inventory report.

OP³ fosters a culture of engagement and a safe and caring community.

OP³ communications networks and marketing strategies increase support for county initiatives and community dialogue, both elements of a culture of engagement. An example of this work is the *12 Ways to Give* holiday campaign that highlights year-end giving opportunities among county-affiliated nonprofits. Participating organizations report increases of 30-150 percent in donations and increased web and social media traffic. OP³ has convened more than 40 cross-sector partnerships that have leveraged new resources and improved collaboration, information sharing and efficiency.

OP³ expands corporate contributions by matching employee volunteers and pro bono services with county and community initiatives. OP³ has developed strategic relationships with corporations and philanthropic foundations, resulting in funding for youth STEM enrichment, healthy living and parks.

OP³ increases engagement of county employees and residents. In addition to partnerships, the county-wide volunteer portal, launched in in 2013, has more than 15,000 people signed up to volunteer with county programs; contributing more than 491,000 hours.

OP³ strengthens the capacity for partnership and resource development in Fairfax County.

OP³ has provided training and information to 916 nonprofits through the Grants Research and Training Center. OP³ consults with county staff through the Partnership Liaison and Volunteer Coordinator networks and shares best practice and partnership tools so they can replicate them within their agencies. OP³ plans and delivers programs with area chambers of commerce that promote corporate social responsibility, innovative philanthropy; and business development. OP³ delivers an average of 8 workshops annually with 95 percent of participants reporting overall that were very satisfied.

Mandates

This Line of Business is not mandated.

Trends and Challenges

According to Giving USA 2015, corporations are responsible for 5 percent of total charitable giving in the United States. Foundation giving represents 20 percent of charitable giving and has also begun to increase since the 2008 recession. Giving by individuals remains the dominant form of charitable giving in the US, accounting for 72 percent of all giving.

The good news is that the rate of corporate giving increased 13.7 percent in 2014 after remaining relatively flat for several years immediately following recession. However, that is tempered by the fact that both companies and foundations have changed their giving style, shifting to non-cash forms of contribution, seeking a deeper involvement with funded organizations and requesting a greater degree of accountability for outcomes. According to Giving in Numbers 2014, 50 percent of companies provided pro bono service in 2014, up from 34 percent in 2013.

Funders are maximizing the impact of their giving by aligning their resources with other funders. They are supporting new models of investment, including collective impact, community-wealth building, giving circles and pay for success models. Nationally, education and human services remain the areas of greatest financial contribution with universities being the recipients of the largest charitable contributions in Virginia.

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In Virginia, the 29 percent rate of volunteering is higher than the 25 percent national average. Volunteerism represents a significant resource opportunity for Fairfax County. Employers are supportive of volunteering with 59 percent of companies reporting they support paid-release programs for employees who want to volunteer. In line with national trends, use of volunteer leave (V-16) by Fairfax County employees has increased an average of 15 percent a year since 2012 with 23,872 hours contributed in FY 2014.

Challenges

The metropolitan Washington region has a unique landscape in terms of philanthropic giving. There are twice as many nonprofits per capita here than in metropolitan areas of comparable size. Consequently, nonprofit organizations and Fairfax County initiatives compete against Washington, DC-based organizations for funding and partners, as well as with national and international causes. A 2014 George Mason University study of foundation giving in the region found that 75 percent of incoming foundation grants went to national organizations, 20 percent went to organizations with international purposes and only 3 percent went to locally serving nonprofits. An analysis by the Foundation Center on giving in the Washington metropolitan area indicates that the average grant awarded to locally focused organizations was \$23,500.

Many corporate and foundation grant programs limit eligibility for funding to 501(c)3 charitable organizations. These restrictions apply to many in-kind donation platforms like Good 360 and Tech Soup. Additionally, corporate and foundation giving strategies include social media strategies for crowd-funding or online pledging and matching. County policy, and in some cases state code, may prevent public sector participation in these types of campaigns.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #8: Office of Public Private Partnerships			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$697,906	\$690,954	\$692,527
Operating Expenses	50,415	34,872	37,794
Total Expenditures	\$748,321	\$725,826	\$730,321
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$748,321	\$725,826	\$730,321
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	8 / 7.5	8 / 8	7 / 7
Total Positions	8 / 7.5	8 / 8	7 / 7

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Actively engaged businesses and foundations	72	152	196	168	176
Completed requests for assistance	82	89	92	95	97
Nonprofits that accessed grant resources and training	315	235	232	235	240
Private public partnerships facilitated	31	38	44	50	56
Volunteers registered to support county programs	4,186	4,728	10,833	15,500	18,000
Hours contributed by county employees through V-16 volunteer leave	22,163	23,872	25,000	26,250	27,653
Percent of customers who report OP3 provides quality information and timely assistance	91	96	95	95	95
Value of leveraged resources	NA	\$507,235	\$1,148,501	\$725,000	\$725,000

OP³ measures the effectiveness of partnership and resource development through the following indicators.

Actively engaged businesses and foundations - This measure reflects the number of businesses and foundations that have been approached as prospects for partnership or resource development in a fiscal year. The data is derived from contact and account information recorded in the Siebel contact management system. The FY 2015 number is somewhat higher as a result of specific outreach for World Police and Fire Games. In FY 2016, OP³ is focusing its outreach to companies with employee volunteer programs to increase their support of county programs.

Completed requests for assistance - OP³ responds to requests for assistance from county agencies and elected officials, nonprofit and civic organizations, foundations and businesses. These include requests for business participation on county task forces and nonprofit boards; in-kind and financial support for county initiatives; and requests to convene partnerships. The data is derived from the Siebel contact management system.

Nonprofits that accessed grant resources and training – OP³ tracks the number of nonprofits that are assisted through its Grants Research and Training Center with training, access to philanthropic databases and individual consultation. The number of nonprofits served annually is likely to remain stable as nonprofit capacity building activities will remain at current levels.

Public private partnerships facilitated - OP³ has catalyzed 44 public private partnerships since 2009. Each year OP³ develops an average of six new partnerships that meet current county priorities and helps sustain existing partnerships by bringing in new partners and resources. The number of new partnerships per year is expected to grow at a similar rate of increase in spite of staff reductions.

Volunteers registered to support county programs - This measure reflects the number of individuals registered in the volunteer management system (VMS) in a fiscal year. Volunteer registration doubled in the first two years, including significant increases in volunteers under 17 years of age and adults over age 65. The number is expected to increase as OP³ promotes VMS to businesses, community networks and the media. Launching VMS with the Department of Information Technology improved efficiency by eliminating 15 separate agency tracking systems and allowing residents to find 1,400 volunteer opportunities from 25 county programs in one searchable system. A future outcome measure will be the estimated financial value of volunteer hours contributed county-wide.

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Hours contributed by county employees through V-16 volunteer leave. This measure reflects the volunteer leave hours used by county employees in a calendar year as reported in FOCUS HCM. OP³ encourages employees to use V-16 through Newslink and Team Fairfax, by hosting displays at county buildings, e-new articles, and presentations at in-service trainings. Although the position responsible for promoting V-16 will be eliminated when the incumbent retires in FY 2015, it is anticipated that the number of hours contributed will continue to increase.

Percent of customers who report OP³ provides quality information and timely assistance - OP³ evaluates service quality through two methods. Each year, customer satisfaction data is collected from workshops sponsored by OP³. Every three years, OP³ conducts a customer survey of all actively engaged private and public sector customers. In 2013, 91 percent reported that they felt more engaged with their community as a result of a connection made through OP³. This survey will be conducted again in FY 2016.

Value of leveraged resources - OP³ calculates the value of leveraged resources garnered through partnerships, volunteers, and nonprofit capacity building. In FY 2015, the value of leveraged resources that OP³ generated for Fairfax was \$1,148,501. This amount includes reported cash and non-cash donations: goods, volunteers, pro bono services and space. The value of non-cash contributions are developed using fair market value for donations of space, goods, and services. One-time contributions that OP³ garnered to support the World Police and Fire Games are included in this amount and these donations are not likely to be repeated in FY 2016. This number does not include non-quantifiable resources that are outlined the benefits section.

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LOB #9:

OFFICE OF COMMUNITY REVITALIZATION

Purpose

The County's growth strategy is to concentrate new development into mixed-use activity centers. This has a number of benefits, including increasing the county's tax base; the efficient delivery of public facilities and infrastructure; and, creating the kinds of places that have become most appealing to residents and workers. In addition, the County is investing in efforts to remain competitive as the location of choice for new development in the region. This LOB is oriented around achievement of those goals.

Description

OCR was established in 2007 as an entrepreneurial office under the County Executive to promote and facilitate development and investment in the older commercial areas of the County. The BOS, in establishing the office, recognized that the county was entering a period in which the vast majority of development was transitioning from new development to redevelopment, and that there are inherently more challenges to redevelop property as compared to developing Greenfield projects. Bringing redevelopment projects to fruition involves an increased level of partnership between public and private sector parties. In addition, concentrating development within designated activity centers is a key precept of the adopted Comprehensive Plan and consistent with regional growth strategies. Increasing land values through redevelopment supports the Board's objective of increasing the County's non-residential tax base and relieving the tax burden on residential tax payers.

The role of OCR has expanded since the inception of the office and remains flexible in responding to new tasks and responsibilities. The main components of the LOB fall primarily into the following programmatic areas:

- Facilitate redevelopment and investment opportunities within targeted areas of the county; this currently includes the seven revitalization districts/areas, Tyson and Reston;
- Work with community groups to develop and implement the community's vision and to improve the economic viability and competitiveness of their areas;
- Work with and function as a liaison to other County agencies, the community and the development community to promote timely and coordinated responses to development proposals. This includes process redesign efforts, developing standards that better reflect current development patterns and fostering a collaborative problem-solving culture; and,
- Foster public/private partnerships to develop county owned resources, to leverage public funds to assist private development and/or enhance the public realm; and partner with entities such as the Tysons Partnership and the Southeast Fairfax Development Corporation (SFDC) to promote revitalization.

Benefits

The LOB is uniquely situated to form a bridge among the community, the regulatory agencies and the development industry. In that position, it is able to assist in implementing the communities' vision for the future; in identifying and suggesting changes areas for process improvements; in identifying regulatory revisions to address emerging development patterns and challenges; in generating design solutions to add value and create unique and desirable places; and, in forming public/private partnerships to achieve mutual goals in the best interest of the community.

Office of the County Executive

Mandates

This Line of Business is not mandated.

Trends and Challenges

Fairfax County is urbanizing. It is also experiencing increased competition from other area jurisdictions in regard to attracting development. The County's processes and regulations need to keep pace with these changes and to remain competitive. While Fairfax has long been a destination of choice for development, other places are catching up, and in some cases surpassing Fairfax. Recent economic conditions and trends are a result of fluctuating market factors, such as the significantly reduced demand for office use because of sequestration, changes to the ratio of square foot per employee, new concepts in office design, and the move from office parks to offices with metro-accessible locations. Other trends include changes in retailing with fewer brick and mortar stores thus shrinking retail space requirements and the increasing trend toward more experiential retail. Both office and retail trends have implications for creating mixed-use centers and activated street fronts. Some locations within the County places are more challenged than others in this regard.

Remaining the destination of choice in this environment is challenged by a number of factors, including: staffing resources needed to update regulations; changes to the development review processes that are difficult to achieve; the lack of available funds to ensure that our public infrastructure is an enticement to economic development, and that such investment is maintained so as not be to a disincentive; and, the fact that other jurisdictions have the ability to offer financial incentives to attract sought after development, particularly since redevelopment is typically more expense than greenfield development.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #9: Office of Community Revitalization			
FUNDING			
<u>Expenditures:</u>			
Compensation	\$971,751	\$1,075,033	\$1,327,835
Operating Expenses	61,087	58,854	76,839
Total Expenditures	\$1,032,838	\$1,133,887	\$1,404,674
General Fund Revenue	\$0	\$0	\$0
Net Cost/(Savings) to General Fund	\$1,032,838	\$1,133,887	\$1,404,674
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	12 / 12	12 / 12	12 / 12
Total Positions	12 / 12	12 / 12	12 / 12

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Square Feet of Development Entitled within Areas of Responsibility	23,318,717	12,867,789	6,246,560	16,430,095	26,830,574
Total Assessed Value within Areas of Responsibility (in billions)	\$30.03	\$31.30	\$32.51	\$33.48	\$34.49
Reports and Publications Related to Revitalization Areas Reports	4	8	8	11	9
Major Community Building Initiatives	6	7	7	6	6
Major Implementation Initiatives including Public/Private Partnerships	9	10	10	11	11

Metric 09-1:- Square Feet of Development Entitled within Areas of Responsibility

Metric 09-2:- Total Assessed Value within Areas of Responsibility

Metric 09-3:- Reports and Publications Related to Revitalization Areas

The primary goal of the LOB is to foster redevelopment and investment in specific activity centers within the county. Redevelopment is targeted to these areas to benefit to the county economically, as well as to build vibrant communities. How much land is being entitled for development and the resultant changes to assessed value are key desired outcomes of this LOB, as they not only increase the desirability of the county as a destination but also increase the County's real estate tax base. Redevelopment in activity centers has difficult challenges related to, among other things, the complexity of the land use process; increased expectations as to commitments on the part of developers; market conditions; working with ordinances that may not reflect current circumstances; economic feasibility (particularly when there are revenue producing businesses on the property); working with shallow, small and/or irregularly shaped lots and the inability to achieve larger parcel consolidations; fitting into the existing fabric of the area; balancing competing public interests; and, meeting community expectations. As such, redevelopment is often difficult even for experienced developers to navigate in a successful and timely manner. OCR's expertise and skill set is to assist in this navigation by facilitating resolution of issues, and in exercising flexibility and creativity in doing so.

OCR is distinguished from the other planning and development departments inasmuch that those other departments have specifically targeted areas of responsibility, such as ensuring that projects are compliant with the county's ordinances and regulations, whereas OCR is charged with taking an economic development and market feasibility perspective related to such development proposals. OCR produces a number of publications to track and/or assist in revitalization efforts. These include an annual report on development and development related issues in Tysons that has become well regarded as the resource manual for tracking such activity; annual reports on revitalization related activities for each of the seven revitalization districts/areas; and brochures on topical issues such as signage and drop boxes.

The trend is for increased entitlement and growth in assessments within the activity centers of emphasis. However, this is dependent upon external economic and market factors, as well as the county's development process and how competitive it remains within the regional environment.

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Metric 09-4: - Major Community Building Initiatives

Metric 09-5: - Major Implementation Initiatives including Public/Private Partnerships

OCR has a unique role in fostering community building and in facilitating development partnerships, based on its expertise in facilitating public visioning sessions, negotiating successful resolutions to difficult development issues, urban design, and bringing a realistic, market-based perspective to planning and development activities. This is a growing business resulting from the demand for such services to assist both internal and external clients. Examples are multi-faced and include such things as: community visioning open houses, such as the one held recently for the Tall Oaks Village Center in Reston in which OCR facilitated a session with over 150 participants to determine community preferences for the redevelopment of the area; Art under the Span, a visioning session to generate ideas on visually enhancing the area below the above-grade rail in Tysons and knitting together the areas separated by the overhead structure; and a charrette exercise to assist the residents of the Lake Anne Village Center in Reston to maximize the assets of Lake Anne to keep it viable in the context of newer adjacent development. OCR has had leadership of/participation in public/private partnerships to develop county owed property to foster revitalization, including the Crescent, North Hill and the Reston North County site; and, planning studies, such as Seven Corners and various site specific Plan amendments.

Recent years have demonstrated that there is an increasing need for this expertise and service. The limiting factor is staff resources and competing demands for staff services.