

Department of Finance

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

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

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

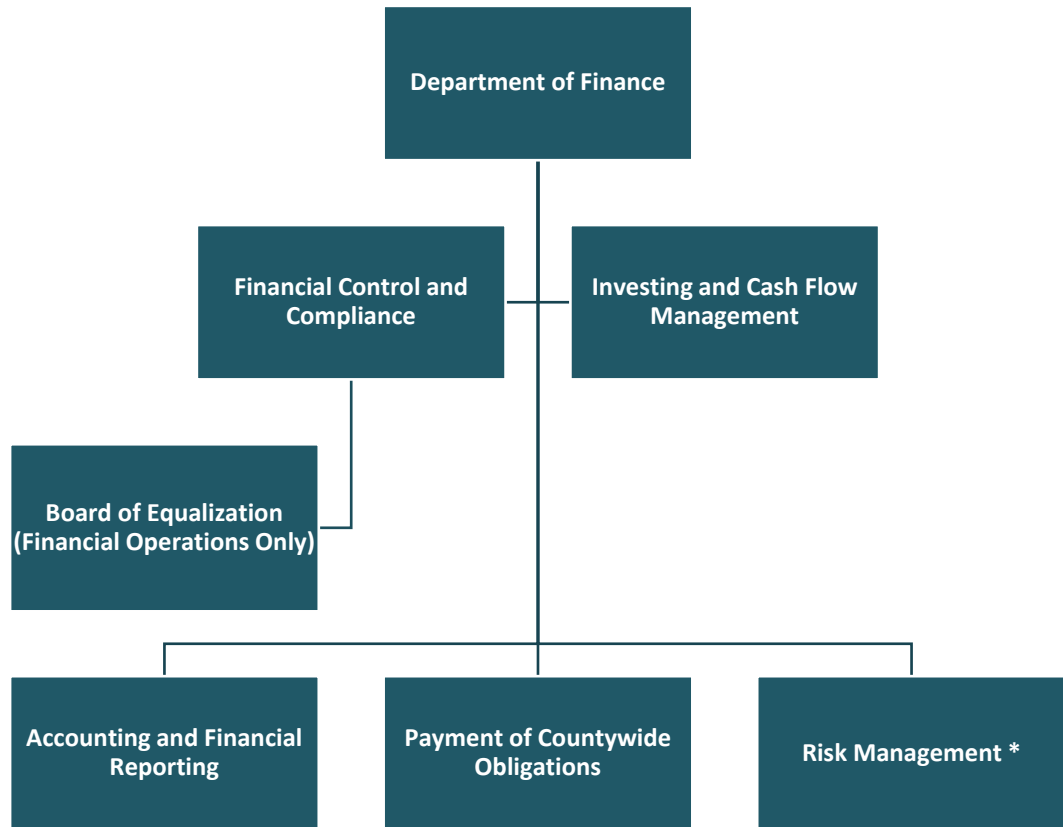
- Partnering with other County departments to make the most efficient use of resources is essential to achieving related objectives.
- The department's operating units must support and complement each other to achieve corporate missions. Business processes must be continuously examined and refined to achieve maximum efficiency.
- Changes in countywide requirements and priorities, federal and state legislation, and regulatory mandates require a flexible, responsive organization.
- Customers expect and deserve high quality service and access to the most advanced technology available.

In FY 2022, the department will begin to develop and implement new processes that utilize capabilities of the County's robust Enterprise Resource Planning system. In addition, the department continued to pursue its aggressive strategic plan that focuses on efficiency of operations through new technology, especially in the areas of electronic commerce and web-based applications with trading partners and external service providers. The objectives of ever-improving service to customers and positive returns on investments will be pursued vigorously in all business areas. The Department of Finance, along with the Department of Information Technology and the Department of Management and Budget, has begun system enhancements to invoice processing, creating a more automated workflow management system that will increase efficiencies and improve internal control measures.

Pandemic Response and Impact

In response to the challenges COVID-19 has presented, the Department of Finance has made adjustments to how it operates and to its workspace. The department has transitioned to a mass telework schedule and has acquired laptops for nearly every employee to provide the most effective way for staff to access network systems and maintain all financial operations. The Department of Finance established a back-up check production operation to ensure continuity of operations if off-site check processing was needed. The department also increased its purchase of cleaning supplies including hand sanitizer and surface disinfectants; provided Personal Protective Equipment (PPE) such as face masks for all staff; and equipped the front desk with a plexiglass shield to enhance the protection and safety of employees and visitors.

Organizational Chart



* The Risk Management budget and program information are reported separately in Fund 60000, County Insurance.

Budget and Staff Resources

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$4,850,931	\$5,052,605	\$5,108,605	\$5,052,605	\$5,103,130
Operating Expenses	4,497,958	4,847,663	4,881,801	4,847,663	4,847,663
Subtotal	\$9,348,889	\$9,900,268	\$9,990,406	\$9,900,268	\$9,950,793
Less:					
Recovered Costs	(\$762,277)	(\$751,697)	(\$751,697)	(\$751,697)	(\$751,697)
Total Expenditures	\$8,586,612	\$9,148,571	\$9,238,709	\$9,148,571	\$9,199,096
Income:					
State Shared Finance Expenses	\$356,728	\$359,951	\$359,951	\$359,951	\$359,951
State Shared Retirement - Finance	7,002	7,181	7,181	7,181	7,181
Total Income	\$363,730	\$367,132	\$367,132	\$367,132	\$367,132
NET COST TO THE COUNTY	\$8,222,882	\$8,781,439	\$8,871,577	\$8,781,439	\$8,831,964
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	61 / 61	61 / 61	61 / 61	61 / 61	61 / 61

**FY 2022
Funding
Adjustments**

The following funding adjustments from the FY 2021 Adopted Budget Plan are necessary to support the FY 2022 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 4, 2021.

Employee Compensation **\$50,525**
An increase of \$50,525 in Personnel Services is included for a 1.00 percent market rate adjustment (MRA) for all employees effective July 2021.

**Changes to
FY 2021
Adopted
Budget Plan**

The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, FY 2021 Third Quarter Review, and all other approved changes through April 30, 2021.

Carryover Adjustments **\$34,138**
As part of the FY 2020 Carryover Review, the Board of Supervisors approved funding of \$34,138 as encumbered funding primarily for audit-related costs.

Third Quarter Adjustments **\$56,000**
As part of the FY 2021 Third Quarter Review, the Board of Supervisors approved funding of \$56,000 in Personnel Services for a one-time compensation adjustment of \$1,000 for merit employees and \$500 for non-merit employees paid in May 2021.

Cost Centers

The four General Fund cost centers of the Department of Finance are Financial Control and Compliance, Investing and Cash Flow Management, Accounting and Financial Reporting, and Payment of Countywide Obligations. These distinct program areas work to fulfill the mission and carry out the key initiatives of the Department of Finance. The fifth cost center, Risk Management, is addressed separately in Fund 60000, County Insurance.

Financial Control and Compliance

The Financial Control and Compliance cost center provides oversight and accounting of non-tax revenues and accounts receivable, bank reconciliation, and bank exception processing; oversees check processing and department administration functions; develops and maintains financial policies and procedures; serves as a liaison to and advocate for decentralized agencies to assist in finance related activities and policy compliance; and coordinates the development of enhanced modes of communication to inform and instruct their user community on the policies, procedures, products and services provided.

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$2,382,506	\$3,608,007	\$3,632,745	\$3,608,007	\$3,629,266
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	23 / 23	23 / 23	23 / 23	23 / 23	23 / 23

Investing and Cash Flow Management

The Investing and Cash Flow Management cost center is responsible for the investment of County funds and administration of bank and cash management services for all agencies. This cost center provides the following services: investment portfolio management; investment reporting; cash flow analysis; investment revenue forecasting; banking services for County agencies; bank deposit management; and banking issues resolution.

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$966,194	\$725,169	\$733,169	\$725,169	\$732,255
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	8 / 8	8 / 8	9 / 9	9 / 9	9 / 9

Accounting and Financial Reporting

The Accounting and Financial Reporting cost center oversees the financial accounting and reporting activities of the County and determines and implements the impact of new accounting pronouncements; provides accounting training and assistance along with technical guidance on governmental accounting and reporting standards to County agencies; and coordinates the annual independent audit which culminates in the publication of the County's Comprehensive Annual Financial Report together with separate audited financial reports for various components of the County and special financial reports mandated by the state and federal governments.

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$4,115,720	\$3,475,662	\$3,517,562	\$3,475,662	\$3,485,425
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	13 / 13	13 / 13	13 / 13	13 / 13	13 / 13

Payment of Countywide Obligations

The Payment of Countywide Obligations cost center provides centralized invoice processing and payment issuance for all County agencies and component units. The cost center also provides unclaimed property due diligence and the processing of employee reimbursements for all non-payroll related expenses. The cost center maintains strong internal controls to safeguard the payment disbursement process and ensure payments are made timely, in accordance with County policy and the Code of Virginia.

Category	FY 2020 Actual	FY 2021 Adopted	FY 2021 Revised	FY 2022 Advertised	FY 2022 Adopted
EXPENDITURES					
Total Expenditures	\$1,122,192	\$1,339,733	\$1,355,233	\$1,339,733	\$1,352,150
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	17 / 17	17 / 17	16 / 16	16 / 16	16 / 16

Position Detail

The FY 2022 Adopted Budget Plan includes the following positions:

FINANCIAL CONTROL AND COMPLIANCE - 23 Positions			
1	Director	1	Network/Telecom Analyst I
2	Chiefs, Finance Division	1	Business Analyst I
3	Financial Reporting Managers	1	Human Resources Generalist I
1	Business Analyst IV	1	Administrative Associate
5	Accountants III	2	Administrative Assistants IV
1	Accountant II	2	Administrative Assistants III
1	Accountant I	1	Administrative Assistant II
INVESTING AND CASH FLOW MANAGEMENT - 9 Positions			
2	Deputy Directors	1	Accountant III
1	Investment Manager	2	Accountants II
2	Investment Analysts	1	Administrative Assistant IV
ACCOUNTING AND FINANCIAL REPORTING - 13 Positions			
1	Chief, Finance Division	5	Accountants III
2	Financial Reporting Managers	5	Accountants II
PAYMENT OF COUNTYWIDE OBLIGATIONS - 16 Positions			
2	Financial Reporting Managers	1	Administrative Associate
1	Management Analyst III	6	Administrative Assistants V
2	Accountants II	1	Administrative Assistant IV
1	Accountant I	1	Administrative Assistant III
		1	Administrative Assistant II

Performance Measurement Results

The Financial Control and Compliance cost center continues to provide strong control and management over the County's bank accounts. During FY 2020, 100 percent of the County's bank accounts were reconciled within 30 days.

In FY 2020, the Investing and Cash Flow Management cost center consistently achieved returns above the Local Government Investment Pool (LGIP) benchmark. The Federal Open Market Committee has been decreasing short term interest rates. Uncertainty and volatility are expected to continue during the next fiscal year. The County's investment policy has been awarded the Certificate of Excellence by the Association of Public Treasurers of the United States and Canada since 1998.

The Accounting and Financial Reporting cost center met all statutory, regulatory, and external mandates for timely, comprehensive financial reporting. For 42 years, the high quality of the County's Comprehensive Annual Financial Report has earned the Certification of Achievement for Excellence in Financial Reporting awarded through peer review by the Government Finance Officers Association of the United States and Canada.

The Payment of Countywide Obligations cost center comprises accounts payable and payment issuance operations (check-writing and electronic bank transfers) delivering centralized service to County agencies and multiple authorities and component units. While the number of initiated payments remains high, the number of checks produced continues to decrease as a result of ongoing efforts to consolidate payments and to implement e-commerce initiatives. These tools have capitalized on the capabilities of the FOCUS financial system and provided additional process improvements across the County. In addition, the cost center has begun working on system enhancements to payment processing that will increase efficiencies in workflow management.

Indicator	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimate	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Financial Control and Compliance						
Percent of bank accounts reconciled within 30 days	100%	100%	100%	100%	100%	100%
Investing and Cash Flow Management						
Percent of timely bank services fully meeting customer expectations*	98%	100%	100%	100%	NA	NA
Percent of industry-standard yield achieved**	106%	105%	110%	114%	NA	NA
Percent of days target cash balance was met***	100%	100%	100%	100%	NA	NA
Percent of customer requests processed within the established standards*	NA	NA	NA	NA	100%	100%
Percent of industry standard benchmark achieved: liquidity portfolio**	NA	NA	NA	NA	106%	105%
Percent of industry standard benchmark achieved: extended maturity portfolio**	NA	NA	NA	NA	300%	176%
Percent of investment transactions in compliance with policy requirements	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Accounting and Financial Reporting						
Unqualified audit opinions***	Yes	Yes	Yes	Yes	NA	NA
Percent of mandated requirements satisfied for all audited financial reports issued by the Department of Finance***	100%	100%	100%	100%	NA	NA
Unmodified opinion received from external auditors	NA	NA	NA	NA	Yes	Yes
Comprehensive Annual Financial Report awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes	Yes	Yes	Yes
Payment of Countywide Obligations						
Percent of payees rating payment system fully satisfactory***	97%	93%	95%	95%	NA	NA
Percent change in processing efficiency resulting from use of e-commerce***	7.0%	7.0%	7.0%	7.0%	NA	NA
Cost per payment (check or electronic payments)****	\$0.34	\$0.34	\$0.34	\$1.10	\$1.15	\$1.15
Cost savings achieved through the use of electronic payment initiatives	NA	NA	NA	NA	\$94,300	\$95,450

* Measure was replaced in FY 2021 by the “Percent of customer requests processed within the established standards” to more accurately reflect the current business process.

** Measure was replaced in FY 2021 by separate measures for the Liquidity Portfolio and Extended Maturity Portfolio to better reflect returns.

*** Measure was discontinued in FY 2021 because it no longer accurately reflects the current business process.

**** Measure was adjusted in FY 2020 to include a broader range of costs associated with making payments.

A complete list of performance measures can be viewed at <https://www.fairfaxcounty.gov/budget/fy-2022-adopted-performance-measures-pm>