

Finance Department

Department Summary

		FY 2003 Actual	FY 2004 Adopted Budget	FY 2004 Current Budget	FY 2005 Adopted Budget
Personal Services	\$	1,578,698	1,720,945	1,781,312	1,863,916
Operating Expenses		454,394	470,799	542,564	376,899
Capital Outlay		0	0	0	0
Expenditure Totals	\$	2,033,092	2,191,744	2,323,876	2,240,815
Intergovernmental Revenue	\$	0	0	0	0
Fees & Other Revenues		36,903	35,000	35,000	0
Revenue Totals	\$	36,903	35,000	35,000	0
Number of FTEs		31.25	31.25	31.25	32.50

Department Description

The Finance Department has a wide range of responsibilities, including: providing accounting and financial management in accordance with North Carolina General Statutes for managing cash, investments, state/federal grants, and fixed assets; expenditure control of the County funds; debt financing/debt service management; procurement of goods and services for all County agencies; payroll/timekeeping; financial reporting requirements for federal, state and local agencies; risk management and safety; and review of County fiscal procedures for efficiencies and maintenance of internal controls. The Finance Department staff is instrumental in helping the County maintain its strong financial condition and AAA credit ratings.

List of Major Services

- Financial reporting and accounting
- Customer service
- Quality assurance
- Project management
- Risk management

The Finance Department is organized according to five main service delivery areas: (1) Accounting and Reporting, (2) Customer Support, (3) Quality Assurance, (4) Project Management, and (5) Risk Management. The purpose of this organizational structure is to emphasize the Finance Department's commitment to customer service through better definition of service delivery areas. This structure enables customers to

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access Finance staff more efficiently, thereby increasing the overall effectiveness in the services provided to Wake County citizens. Through the effective use of Finance Department staff knowledge, assistance and resources, Wake County as a whole will provide a higher level of support toward the use of good business practices, increasing resources directed toward automation and e-Government solutions.

Financial Reporting and Accounting: The Finance Department maintains the County's official accounting records and provides financial information on a monthly basis to all departments of County government as well as the Board of Commissioners. This division also prepares the Comprehensive Annual Financial Report, specialized financial reports, other mandated federal and state reports, and is responsible for coordinating the annual audit (performed by an external, independent auditor).

Customer Service: The Customer Service division of the Finance Department includes the functional areas of Procurement, Disbursement Services, Payroll, Report Writing and Grants Administration. These functional areas serve as primary liaisons between the Finance Department and all of County government. The main goal of all functions is to provide swift and accurate processing of financial transactions in accordance with state statutes and generally accepted accounting principles (GAAP).

Quality Assurance: The Quality Assurance division performs business process reviews on a regular basis to improve the internal control structure and implement business process improvements to improve efficiency and effectiveness. The main goal of Quality Assurance is to improve the effective operation of Wake County government.

Project Management: The Project Management division is responsible for the administration of the financial system including control over user access and nightly processing of financial transactions to update and balance the records within the financial system. Project Manage-

ment also ensures the smooth progress of system-related projects.

Risk Management: The Risk Management division controls the County's liability exposure so that operations and services are uninterrupted. Responsible for protecting physical, financial and human resources of the County, Risk Management strives to reduce accidents, lawsuits or other liability occurrences that could jeopardize the County's financial integrity. A more detailed discussion of the Risk Management division may be found in the "Internal Service Funds" section of this document.

Business Plan Priorities

The Finance Department's business plan provides additional information on the multi-year goals, strategic areas of focus, performance measures and key initiatives for the 2004-07 planning period.

The highest priorities for fiscal years 2005 and 2006 include the following:

- Respond to customers in a courteous and timely manner with accurate information.
- Reduce the costs associated with all financial processes within the County.
- Process and record all transactions in a timely manner and in accordance with generally accepted accounting principles and appropriate internal control procedures.
- Prepare the Comprehensive Annual Financial Report in accordance with generally accepted accounting principles, continuing to comply with requirements for the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.
- Ensure there are no material weaknesses to be disclosed in the County's management letter from the independent auditor.
- Provide effective oversight for grant revenues and expenditures and ensure compliance with grant policies and procedures.

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- Evaluate and improve internal controls and efficiency of Wake County operations and business processes.

Highlights

The following section identifies achievements in the past year and key outcomes that the Finance Department is focused on achieving during the next three years.

Automation of Transaction Processing

Wake County routinely reenters information generated from various subsidiary computer systems into the FAMIS accounting systems. Realizing the inefficiency of this process, the Finance Department has assisted the Human Services Department to develop a system that will automate the link between a sub-system and the accounting system. The Finance Department anticipates that the automated link will benefit all departments in the areas of recording cash collections, routine journal entries, and expenditure transactions where a high volume of similar payments is processed (e.g., Medicaid reimbursements to local service providers, child day care payments, trust payments).

Call Reporting for EMS

A core team comprised of staff from Emergency Medical Services, Information Services, and Finance is implementing solutions allowing ambulance calls to be billed in a timely manner and collections to be maximized. It is anticipated that this project will further impact the 2005 fiscal year workplan.

Consolidation of Accounts Receivable Systems

Wake County has several accounts receivable systems that are designed for specific revenue streams such as tax collection, public health user fees, mental health user fees, landfill tipping fees, affordable housing and Emergency Medical Services. However, Wake County does not have a system to account for miscellaneous accounts receivable that provides for routine management of the process. Over the next year, in

conjunction with the review of a new financial system, the Finance Department will be establishing a comprehensive accounts receivable policy for Wake County, developing business processes, and identifying software to meet accounting and reporting needs.

Debt Management

The department has produced significant savings through effective debt management. Moving the County's debt portfolio to a 20% variable rate versus fixed rate will produce millions of dollars of savings. Even though interest rates are low, the Finance Department continues to produce strategies for the investment portfolio that have allowed the County to earn interest rate returns above what past strategies would have produced. The County recently refinanced a past debt issue to take advantage of low interest rates, saving approximately \$1.2 million dollars. (The County is also positioned to refinance another past debt issue when the interest rate is conducive to savings.) The department also issued \$225 million of new bonds for schools from the 2003 referendum, \$17 million of new bonds for libraries from the 2003 referendum and \$20 million of new bonds from the 2000 referendum.

Financial System: Business Process Review

The Finance Department is currently reviewing vendor responses to a request for information about a replacement financial system. Before the end of the 2004 fiscal year, Finance will determine if such is a viable alternative to the current system, in both cost and functionality. The outcome of this review could heavily impact the workplan of the Finance Department as well as other County departments. Selecting the future direction of the financial system, revising the business processes and implementing the system will take approximately two years. The ultimate goals or outcomes to be gained from a replacement system would include reducing the cost of administering the financial functions for Wake County, reducing the cost in the other departments for various financial processing, and improving the speed at which financial information is processed and becomes available for management use. Further, the replacement system would enable the County to move toward

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a web-based platform that would allow more efficient cost of system operation, would support imaging and would allow for customer interaction through features such as on-line procurement.

Support of the Employee Portal

The County is beginning work to design an employee portal, a web site where employees can go to exchange information. The overall project will be managed outside of the Finance Department, but the department will play an important roll in its development. This project is in the initial phase and the impact on the Finance Department is still unknown. It is anticipated, however, that this project will have a significant impact on the payroll and financial systems as employees will want to access information such as leave balances and process information such as travel reimbursement and timesheet information for payroll.

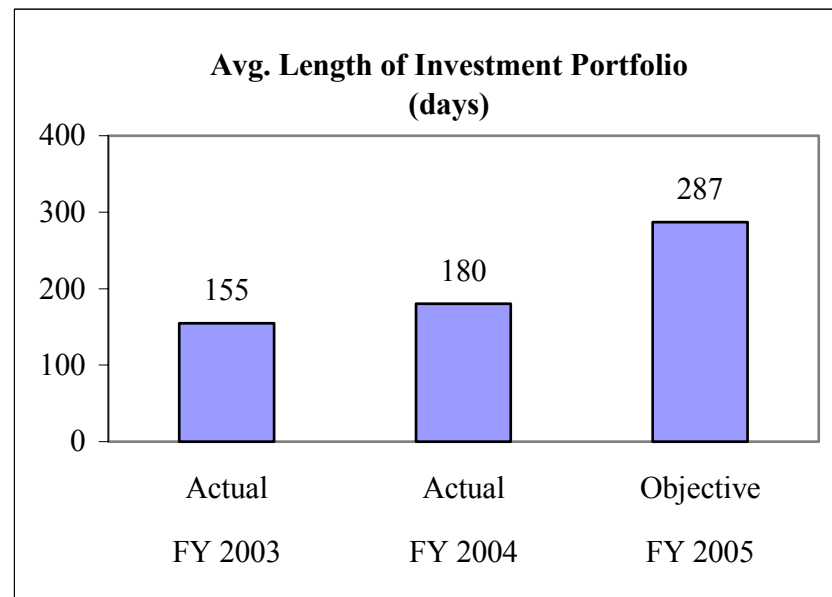
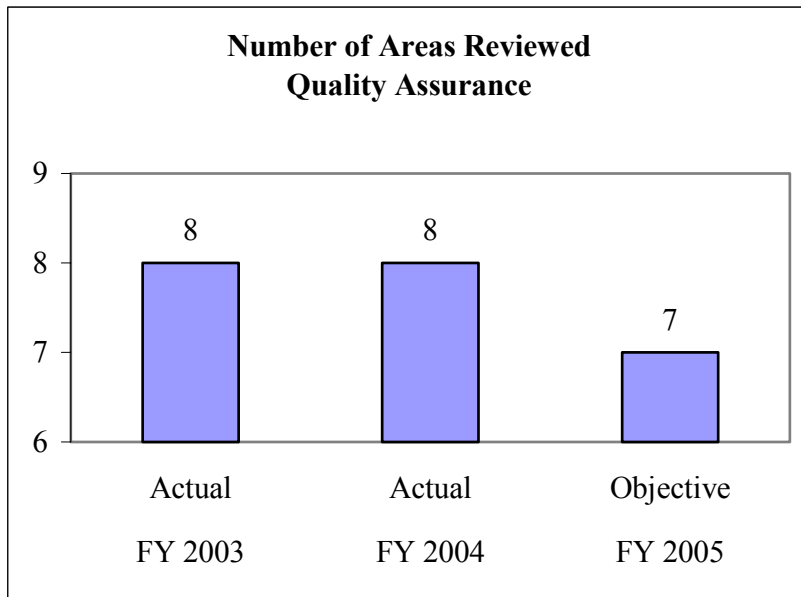
Timekeeping

The need for a new timekeeping system is still high on the priority list for the Finance Department. The desired outcome of such a system is to reduce the cost of timekeeping and processing records and to improve the reporting of time by making the process more efficient and user-friendly for employees. The original plan for fiscal year 2004 was to automate timesheet reporting. This project will be updated as soon as a decision is made about the financial system.

Finance staff are currently reviewing finance system proposals to determine if timekeeping automation is within the scope of a replacement system.

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Performance Measures	FY 2003 Actual	FY 2004 Actual	FY 2005 Objective
Accounting & Reporting			
GFOA Certificate of Achievement	Yes	Yes	Yes
Revenues Posted Weekly	Yes	Yes	Yes
Ave. Length of Investment Portfolio (days)	155	180	287
Maintain Zero Findings by Independent Auditors	Yes	Yes	Yes
Portfolio Yield Greater than NC Capital Mgmt. Trust (basis points)	49	75	86
Customer Support			
Ave. Time to Process Vendor Payments (days)	12	7	7
Percent of Transactions that are Automated	64%	67%	67%
Purchase Orders Issued	1,604	1,600	1,700
Quality Assurance			
Number of Areas Reviewed	8	8	7
Bank Reconcillations Complete by End of Next Month	Yes	Yes	Yes



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