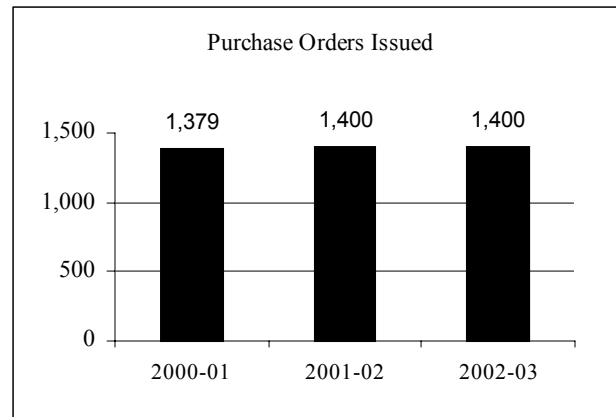


Finance Department

PROGRAM DESCRIPTION

The Finance Department is responsible for: providing accounting and financial management systems in accordance with North Carolina General Statutes; 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 / safety; and, review 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 triple-A credit ratings. The County's Finance Director also serves as the finance director for the Centennial Authority.

In October 2001, the Finance Department reorganized into 5 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 reorganization was to reemphasize the Finance



Department's commitment of service to our customers (mainly other County Departments) through better definition of our service delivery areas. The new structure enables other County Departments to access Finance staff more efficiently thereby increasing the overall effectiveness in the services provided to Wake County citizens. Through the effective utilization of Finance Department staff knowledge, assistance and resources, Wake County as a whole will support better the use of good business practices, increasing resources directed toward automation and e-Government solutions. The reorganization will allow the Department to take advantage of future opportunities for positive change in the way we conduct business or provide services.

ACCOUNTING AND REPORTING

Accounting and Reporting (AR) is responsible for the integrity of financial information, internal and external reporting, as well as the maintenance of the system of internal controls. AR staff is engaged in revenue management and

supervision of receipt and deposit of funds, accounts receivable billing and collections, interdepartmental charges and telephone charge postings, fixed asset accounting and management, and debt management. AR staff also monitor daily cash flows, wire cash transactions as appropriate, and invest idle County funds in accordance with the County's investment plan. The primary outputs of the AR section are the Comprehensive Annual Financial Report (CAFR) and the monthly interim financial statements. These outputs are provided to the Board of County Commissioners and to key management staff to achieve effective treasury/portfolio management, fixed asset inventory maintenance, debt service payments and cost allocations.

Goals & Objectives

- Prepare CAFR in accordance with generally accepted accounting principles, continuing to comply with requirements for the Government Finance Officer's Association's Certificate of Achievement for Excellence in Financial Reporting.
- There should be no material weaknesses disclosed in the County's Management Letter from our independent auditor.
- Process and record all transactions in a timely manner and in accordance with generally accepted accounting principles, following appropriate internal control procedures.
- Prepare and file a monthly interim financial statement with the Board of County Commissioners and key management.
- Continue implementation of Management's Response to "Review of Cash Collection Process for Wake County" prepared by the Quality Assurance Office.
- Address financial issues and business processes within the Finance Department and other departments as issues are raised by Quality Assurance and Customer Support sections.
- Provide assistance to other sections within the Finance Department to enable them to achieve their own goals and objectives.

CUSTOMER SUPPORT

The Customer Support Division can be further broken down into five main service delivery areas consisting of 1) Employee Services, 2) Procurement Services, 3) Disbursement Services, 4) Grants Administration, and 5) Departmental Liaison.

Employee Services

Employee Services process the County's monthly payroll along with several other payroll runs throughout the month and year. Employee Services also researches pay related questions and answers employee questions related to pay and deductions.

Procurement Services

Procurement Services is responsible for the contract control process, for negotiating procurement contracts, and for establishing County procurement policy that promotes cost savings, efficiency, and quality procurement practices. Paramount to a successful procurement practice is the constant need to monitor policies and practices for compliance with statutory requirements.

Disbursement Services

Disbursement Services is responsible for the disbursement of County funds to vendors for goods and services purchased through the procurement process including contracts, through the procurement card system or through request for payments.

Grants Administration

Grants Administration provides consulting and compliance services to all County departments engaged in providing services to Wake County citizens according to various Federal and State grant programs. These services include interpretation of the grant requirements, financial report preparation to assist the departments with grant reporting requirements, subrecipient monitoring, and an understanding of single audit requirements to help ensure compliance of practices.

Department Liaison

Departmental Liaison provides the human avenue to awareness and connection between the Finance Department and all County Departments to enhance more effective financial management.

Goals & Objectives

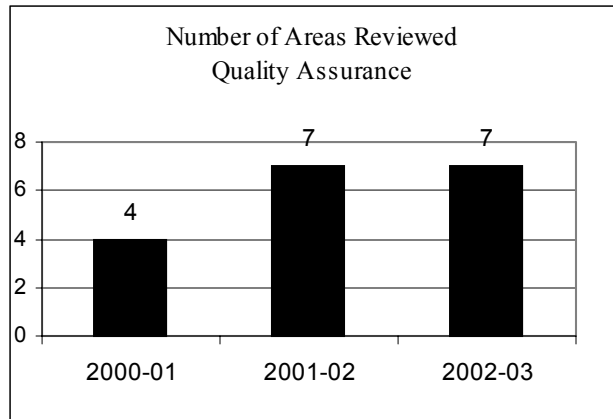
- Upon receipt of a payment request, the Disbursement Services group will ensure that payment is made within a 2 week period
- Ensure that all employees are paid with 100% accuracy on payday and that all payroll related reports are completed on time.
- Process the County's fringe benefits payments accurately and in a timely manner.
- Ensure that no major audit exceptions are noted in the annual audit.
- Reduce the number of purchase orders processed by utilization of commodity term contracts and blanket orders.
- Have no bid awards overturned due to misapplication of bidding statutes and laws.
- Provide effective oversight for grant revenues and expenditures and ensure compliance with grant policies and procedures.
- Provide good customer service by responding to customers in a courteous and timely manner with accurate information.

PROJECT MANAGEMENT The Project Management area of the office maintains all finance related systems, coordinates all projects internal to Finance and outside projects as they affect Finance systems. Data integrity and asset protection are important tasks of this group.

Goals & Objectives

- Interface or develop new systems timely and with proper internal controls as they relate to automated financial systems
- Maintain all systems
- Maintain data integrity

QUALITY ASSURANCE The Quality Assurance program area makes recommendations for improvement of internal controls, assists with the implementation of improvement initiatives, and reviews the system of internal controls as directed by the Finance Director.



Goals & Objectives

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

PERFORMANCE MEASUREMENT	FY2000-2001 Actual	FY2001-2002 Estimated	FY2002-2003 Objective
Accounting and Reporting Measures			
GFOA Certificate of Achievement	Yes	Yes	Yes
Revenues posted weekly	No	No	Yes
Ave. length of Investment Portfolio (days)	185	185	185
Maintain zero findings by independent auditors	Yes	Yes	Yes
Portfolio yield greater than NC Capital Mgmt Trust (basis points)	102	20	50
Customer Support Measures			
Ave. time to process vendor payments (days)	6	10	12
Number of transactions that are automated	62%	67%	73%

PERFORMANCE MEASUREMENT	FY2000-2001 Actual	FY2001-2002 Estimated	FY2002-2003 Objective
Accounting and Reporting Measures			
Purchase orders issued	1,379	1,400	1,400
Quality Assurance Measures			
Number of areas reviewed	4	7	7
Bank reconcilliation's complete by end of next month	No	Yes	Yes

DEPARTMENT HIGHLIGHTS

ACCOMPLISHMENTS IN FY2001-2002

- Reorganized the Finance Department to streamline and improve service delivery.
- Implemented most comprehensive new fiscal reporting changes in last 20 years (GASB 34).
- Implemented procurement reporting requirements under Senate Bill 914.
- Reviewed all County cash collections sites and developed a plan to improve process efficiency and strengthen internal controls.
- Designed and built an interface from the new tax collection system to the financial system general ledger.
- Implemented plan to revise business processes surrounding the billing and collection function of solid waste and loan function of housing.
- Maintained County's 3 Triple-A bond ratings.
- Graphical User Interface (GUI) became available for the Financial System FAMIS. One of our major accomplishments was the rollout of GUI to all department users of FAMIS and to implement a successful training program.
- Substantially completed and implemented the timekeeping system for all County employees. Resulted in significant reporting efficiencies for the Human Services Department as well as for the County overall.

KEY ISSUES FOR FY2002-2003

- Various line item reductions are included to decrease operating expenditures.
- The Department will increase training efforts during FY 2002/2003 in the following areas: GUI, Procurement Card Program, and Disbursement Processing.
- Provide financial transaction processing on the Internet.
- Complete implementation of travel system.

General Administration

- Using document management and imaging software to improve the Contract Control approval process.
- Continue addressing issues surrounding the Cash Collections Report, implementing on a department-by-department basis as Quality Assurance staff completes internal audit work.
- Implementation of Reporting requirements for MWBE participation and construction bidding method used under Senate Bill 914.
- Participate in the development of an employee portal, which will include personnel and payroll information.
- Mental Health Reform and the potential impacts to the Finance Department through contracts, financial reporting and single audit.
- Investigate procurement / bid presence on the Internet in a manner that provides control and broader vendor notification for increased competition.

ISSUES ON THE HORIZON

- Finance needs to review their suite of software products for newer technology and better cost delivery.

<i>Budget Summary</i>				
Finance Department	FY 2000-2001	FY2001-2002	FY2002-2003	FY2002-2003
	Actuals	Current Budget	Recommended	Adopted
Personal Services	\$1,457,697	\$1,482,391	\$1,572,761	\$1,572,761
Operating Expenses	\$354,856	\$491,170	\$404,300	\$404,300
Capital Outlay	\$7,410	\$0	\$0	\$0
EXPENDITURE TOTALS	\$1,819,963	\$1,973,561	\$1,977,061	\$1,977,061
Intergovernmental Revenue	\$20,330	\$0	\$0	\$0
Fees & Other Revenues	\$5,051	\$20,000	\$28,520	\$28,520
REVENUE TOTALS	\$25,381	\$20,000	\$28,520	\$28,520

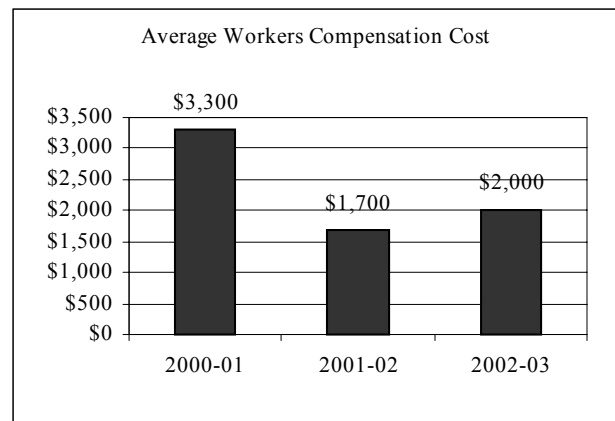
<i>Position Count</i>				
	FY2001 Actual	FY2002 Actual	Changes	FY2003 Adopted
Number of FTE's	27.5	27.5	0.0	27.5

Risk Management-Internal Service Fund

PROGRAM DESCRIPTION

The Finance Department is responsible for providing services accounted for in the Risk Management Internal Service Fund. The Risk Management Fund supports an ongoing effort to identify and control exposures so that operations and services are uninterrupted. Risk Management is responsible for protecting physical, financial, and human resources by reducing losses sustained through accidents, lawsuits, or other occurrences that could jeopardize financial integrity. When losses cannot be prevented, Risk Management efforts ensure that the impact of losses on County operations and finances are as minimal as possible.

In addition to workers' compensation, liability, and property insurance, medical and dental premiums for employees and retirees are also supported within the Risk Management Fund. The fund pays the claims related to all these lines of insurance, as well as general and administrative costs. With the goal



of zero net income in the Risk Management Fund, the costs of all these activities are charged to the General Fund through a departmental allocation. Contributions from employees for their share of the cost of medical and dental insurance, as well as accruals for actuarially determined future loss development are taken into account to achieve this goal. The actuarial liability of Wake County continues to remain at relatively the same level.

GOALS & OBJECTIVES

Risk Management is focused on achieving the following service objectives in fiscal year 2002-2003:

- Lower the total number of claims per number of employees.
- Endeavor to maintain overall cost of risk at a flat rate in light of hardening insurance market and economic uncertainties.
- Continue to support supervisors through safety training, including new employee orientation, driver training, and ergonomic training.
- Achieve OSHA "Star Status" in the long term.
- Execute departmental allocation and other required accounting in compliance with GASB Statement 34.

General Administration

- Establish Blood Borne Pathogen protocols in cooperation with four area hospitals covering Wake County employees as well as all first responders (Volunteer Fire, EMS) throughout the County.
- Coordinate with General Services to include electronic site inspection program with the revamping of their request center system and CAD system update.

PERFORMANCE MEASUREMENT	FY2000-2001 Actual	FY2001-2002 Estimated	FY2002-2003 Objective
Risk Management Measures			
Workers Compensation complaints as a % of number of employees	0.04	0.04	0.04
Average Worker's Comp. Cost	\$3,300	\$1,700	\$2,000
Average auto claim cost	\$1,400	\$1,200	\$1,500
Auto liability/physical damage	171	176	175
Workers Compensation -Lost time (days)	19	17	20
Total claims	299	303	315
Workplace safety courses offered	15	16	20
Driver improvement training	5	21	35
Safety inspections conducted	25	60	60

DEPARTMENT HIGHLIGHTS

ACCOMPLISHMENTS IN FY2001-2002

- Actual claim volume is below estimated volume indicating successful safety efforts and efficient claims management.
- Developed team approach and communications among school staff, County staff, insurance broker, and contractors as a foundation for future insurance management efforts.

KEY ISSUES FOR FY2002-2003

- Continue to pursue potential for future Owner Controlled Insurance Program.
- Develop batch processing system for reviewing employees' driving records vs. current system of individual inquiries.
- Each year \$2,000,000 is transferred from the general fund to the risk management fund. An actuarial analysis of the financial health of the fund indicated that the transfer can be reduced in FY2003 to \$1,000,000 and maintain the financial integrity.

ISSUES ON THE HORIZON

- Evolve from traditional view of Risk Management to an enterprise-wide view. Traditional Risk Management is about avoiding or transferring risk. When looking at risk from a more strategic point of view, there are increased opportunities to manage the organization's value. To that end, there needs to be a more integrated risk management focus which entails identifying all the risks that impact Wake County including operational, financial and strategic risks.