

**MEMORANDUM**

November 1, 2012

TO: Government Operations and Fiscal Policy Committee  
FROM: Jacob Sesker, Senior Legislative Analyst   
SUBJECT: Status Report – Department of Finance

The Department of Finance will present an update of current activities—including a departmental review of staffing and positions in the Controller’s Division and results from the most recent bond sales. The following individuals will be present for this briefing: Joe Beach, Director; Karen Hawkins, Chief Operating Officer; Lenny Moore, Controller; Nancy Moseley, Manager/Administration; David Crow, Manager/Accounting.

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Finance Department:  
Controller's Division Staffing Plan  
-Government Operations Committee

November 5, 2012

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# Controller's Division Staffing Plan

## CHALLENGES

- Growth in: volume and complexity of financial transactions and debt portfolio; size of County budget;
  - without corresponding change in staff complement
- Changing GASB standards: Pensions; Fund Balance reporting; Next?
  - GASB doubled issuance of new standards in last ten years
- Increasing Audit industry internal control standards and scrutiny in post Enron era (Sarbanes-Oxley based audit standards)
- Implementation of ERP was an even greater change management and knowledge transfer challenge than anticipated
- Organizational/staffing impact unknown at implementation; needed experience to make knowledgeable decisions
- New and revised systems and business processes: Cash Management; Bank Reconciliations; Accounts Receivable; Supplier File Maintenance; budget systems; continuing phase-in of new functionality (e.g. iVendor)
- Developing Reporting Database
- Ongoing system modifications and stabilization,
- Level of tight integration, enhances controls and data accuracy, but requires centrally coordinated management and monitoring
- Communication between project office and “home office”
- Staff turnover

# Controller's Division Staffing Plan

## **CONSEQUENCES**

- Internal Control issues noted in CAFR in Cash Management and Bank Reconciliations; MHI Loans; Journal Entries
- Delay in CAFR Production
- Timely Disclosures to support new and existing debt issuance: Annual Information Statement, quarterly financial reports, rating agency presentations
- Workload backlogs: Bank reconciliation, CIP reimbursements, etc...
- Longer process for knowledge transfer than anticipated
- Not fully using the reporting, analytical, and process efficiencies in new system: automation of journal entries; automated bank reconciliations; open government; etc

# Controller's Division Staffing Plan

## CHANGES

- Staffing
  - Already Addressed:
    - Gen. Accounting Mgr. (GAM) changed from MIII to MII and hired for first time since 2009
    - Contractors: used for analysis, financial reports, other workload, skills, independent review
      - Bank Reconciliation processing; MHI Loans; Bank Rec. Process
    - Public Interns: In Payroll for Grants, Admin., MCTime/Payroll
    - Filling existing vacant positions:
      - 9 vacancies filled in Controller's Division during FY12 and FY13
      - 16 vacancies remain for existing and newly created positions
  - Address gaps: skills; workload; vulnerabilities
    - Enhance staffing for Accounts Payable, Accounts Receivable, IT, and governmental funds
- Complete knowledge transfer from contractors to staff to build up institutional knowledge and capabilities

# Controller's Division Staffing Plan

## WHAT SUCCESS MEANS

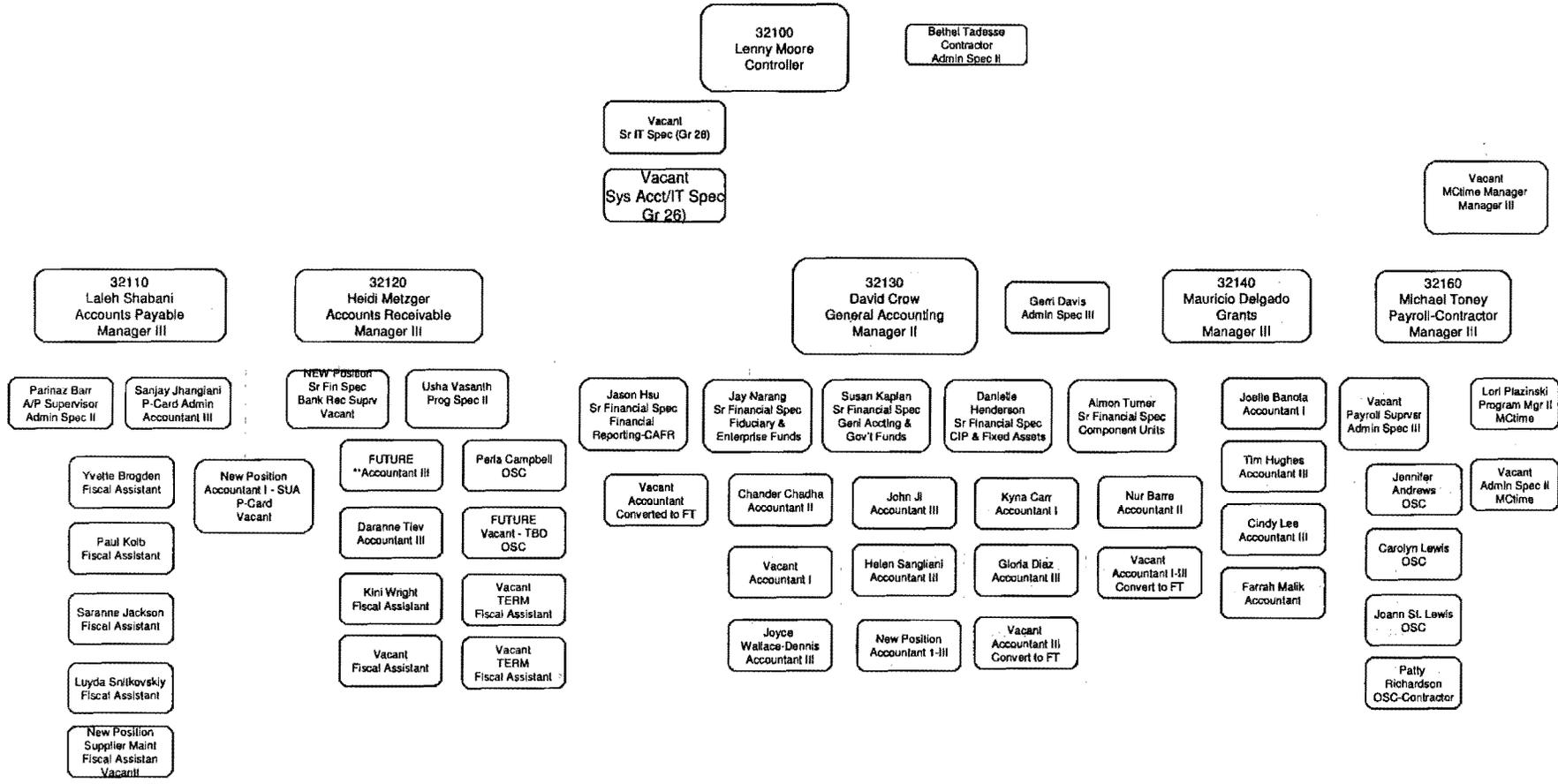
- Clean Audits
- Stronger, reliable internal controls for purchasing, payments, cash management, other financial transactions
- Exploiting system capabilities to implement enterprise wide improved business processes
- Robust and timely enterprise wide financial reporting capabilities
- Greater financial transparency – compliance and proactive contributions to Open Government Initiative
- Reduced overtime
- Staff retention and enhanced skill development
- Center of Excellence: Consulting, problem solving, and collaboration with other departments to improve financial analysis, use of ERP capabilities, timely and accurate compliance with financial processes, and greater understanding of Departmental, Fund, and overall County financial position

## Controller's Division Staffing Plan Summary

Action	Position	Grade	Function
	<b>Accounts Payable Section</b>		
Create	Fiscal Assistant	16	Supplier (Vendor) File Maintenance
Create	Accountant Auditor	18-23	P Card Single Use Application
	<b>Accounts Receivable Section</b>		
Create	Fiscal Assistant (Term)	16	Billing and Receipt processing; lockbox processing; Receivables processing; returned checks
Create	Fiscal Assistant (Term)	16	Billing and Receipt processing; lockbox processing; Receivables processing; returned checks
Create	Senior Financial Specialist	25	Direct supervision of Bank Rec. Unit
	<b>General Accounting Section</b>		
Create	IT Specialist	26	System Accountant: Reports
	<u>Financial Reporting Unit</u>		
Reclassify	Senior Financial Specialist	25	Supervision/Development of Fiscal and Accounting Staff; GASB/GFOA liaison; CAFR year end business processes
Reclassify	Accountant/Auditor	18-23	GASB/GFOA liaison; CAFR year end business processes
	<u>Governmental Funds Unit</u>		
Create	Accountant/Auditor	18-23	Support Govt Funds; Preparing annual and quarterly financial reports
	<u>CIP Fixed Assets Unit</u>		
Abolish	Accountant/Auditor (Part-Time)	18-23	Fixed Assets and CIP
Create	Accountant/Auditor (Full-Time)	18-23	Fixed Assets and CIP

32100 Administration – Controller  
 32110 Accounts Payable  
 32120 Accounts Receivable  
 32130 General Accounting  
 32140 Grants Accounting  
 32160 Payroll

**DEPARTMENT OF FINANCE**  
**Controller Division Staffing Plan**  
 FY13 Mid-Year  
 July 23, 2012



\*\*TBD where position comes from (within existing Department complement and now new)

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FY13 Approved Mid-Year Positions & FTEs  
 General Fund: 55 Positions ; 51.81 FTEs

# Results of Recent Bond Sales

<u>Issue Date</u>	<u>Issue Type</u>	<u>Par Amount</u>	<u>Underwriter</u>	<u>TIC</u>	<u>Rating</u>	<u>Premium</u>	<u>Savings</u>	<u>Bidders</u>
10/15/2012	<b>General Obligation Bonds</b>							
	New Money	\$ 295,000,000	Citigroup	2.29	AAA	\$ 32,201,167.50		6
	Refunding	\$ 23,360,000	JP Morgan	0.68		\$ 2,013,429.50	\$ 2,502,972.38	10
	Total	\$ 318,360,000		2.25		\$ 34,214,597.00		
10/18/2012	<b>Conference Center Refunding Revenue Bonds (with Revenue Authority)</b>							
	New Money	\$ -						
	Refunding	\$ 8,505,000	Raymond James	2.29	AA	\$ 9,432.25	\$ 1,052,205.93	5
	Total	\$ 8,505,000				\$ 9,432.25		

- Lowest True Interest Cost (TIC) achieved for 20 year GO debt



DEPARTMENT OF FINANCE

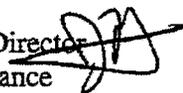
Isiah Leggett  
County Executive

Joseph F. Beach  
Director

MEMORANDUM

April 16, 2012

TO: Nancy Navarro, Chair  
Government Operations Committee

FROM: Joseph F. Beach, Director   
Department of Finance

SUBJECT: Update: Status of Financial Reporting Issues in the Enterprise Resource Planning Project

The purpose of this memo is to provide the Government Operations Committee with an update on the status of Financial Reporting issues in the Enterprise Resources Planning (ERP) project.

- 1) **CAFR Completion:** The County's Comprehensive Annual Financial Report (CAFR) was published on March 29, 2012. While this was later than the normal publication date (before December 31<sup>st</sup>) the County was able to obtain the appropriate deadline extensions from the Government Finance Officers Association (GFOA) and the State of Maryland. This was the first year that the ERP system was used to produce the CAFR. Because of challenges encountered in implementation of the ERP system, detailed in the attached November 16, 2011 memo, publication of the CAFR was delayed past its regular publication date. Based on the experience gained in developing the FY11 CAFR, improvements made to the ERP system since "go-live" on 7/1/2010, and other steps being taken discussed below, we do not anticipate requiring an extension for completion of the FY2012 CAFR.
- 2) **Going Forward - Issues and Process:** The Department of Finance, in consultation with the Technology Modernization Project Office completed an inventory of system and process issues, including short-term workaround solutions, required to complete the FY11 CAFR. This inventory is currently being reevaluated for completeness, especially as it relates to short-term workarounds that require longer term solutions to address reporting and financial process issues in FY12 and beyond. We are using this inventory to systematically address remaining project issues in a priority order. We believe that this orderly and comprehensive approach to resolving remaining issues will provide not only for timely preparation of the

Division of the Controller

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FY12 CAFR, but also allow County employees to use the very powerful tools available within the ERP project to improve financial management, budget control, reporting, and provide relevant data for management decisions. Addressing such issues in a prioritized and organized manner – including prioritizing those remaining issues that had more significant impacts on the year-end closing, auditing, and CAFR preparation processes, is especially important since ultimate resolution of all issues will extend beyond FY12.

- 3) **Staffing: Backfill and vacancies:** The Department of Finance currently has 16 vacancies including 8 vacancies within the Controller's Division. Finance is working proactively with the Office of Human Resources to fill all of these positions during the balance of FY12 and FY13. In many cases we are using contractual resources to backfill these vacant positions, however, our ultimate goal is to fill the vacant positions and perform this work with in-house resources. I want to note though that the labor market for skilled and experienced accountants is very competitive with private industry usually paying significantly higher salaries than the County is able to offer under the current classification and salary structure.
- 4) **Assessment of Appropriate Staffing for the Controller's Division:** Currently my Office is conducting a comprehensive review of the structure, staffing levels, and position classifications in the Controller's Division to ensure that the Division is adequately staffed relative to its mission, especially using the new ERP system. In addition we are looking at the opportunity to repurpose some of the existing vacant positions so that they more appropriately address the staffing and resource needs of the division in serving the County Government.

I look forward to discussing these issues with the GO Committee at the meeting scheduled for April 19.

copies:

Valerie Ervin, Council President

Hans Riemer, Government Operations Committee

Timothy L. Firestine, CAO

Jacob Sesker, Council Staff

Costis Toregas, Council Staff

Jennifer Hughes, Director, Office of Management and Budget

Karen Plucinski, Acting Project Director, Technology Modernization Project