

Department of Finance Performance Plan

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November 7, 2008

CountyStat Principles

- **Require Data-Driven Performance**
- **Promote Strategic Governance**
- **Increase Government Transparency**
- **Foster a Culture of Accountability**



Agenda

- Welcome and Introductions
- Impact of Department of Finance on Montgomery County
- Finance At-A-Glance
- Hiring Freeze
- Organizational Chart
- Headline Measures
- Wrap-up and Follow-up Items



Contribution to Montgomery Results

- **A Responsive and Accountable County Government**
- Affordable Housing in an Inclusive Community
- An Effective and Efficient Transportation Network
- Children Prepared to Live and Learn
- Healthy and Sustainable Communities
- Safe Streets and Secure Neighborhoods
- **A Strong and Vibrant Economy**
- Vital Living for all of Our Residents



Department of Finance At-A-Glance

What Finance Does and for Whom	How Much (FY09)
<p><u>Overall</u></p> <p>The mission of the Department of Finance is to prudently manage financial operations, recommend and implement sound fiscal policies, safeguard public assets, and encourage a safe environment on public property.</p>	<ul style="list-style-type: none"> ▪ FY09 Budget: \$54,150,990 ▪ Number of Employees: 131 ▪ Workyears: 115.5
<p><u>Sound Financial Management</u></p> <ul style="list-style-type: none"> ▪ Manage the County’s revenues, expenditures, assets, investments, and outstanding debt. ▪ Develop and promulgate sound fiscal policies, and provide consultation and advice to departments and agencies on a wide range of fiscal matters. ▪ Advise the County Executive and County Council on fiscal policy matters, impacts of legislative actions, appropriate approaches to fiscal decisions, and benchmarking against other jurisdictions. ▪ Maintain the County’s AAA bond rating. 	<ul style="list-style-type: none"> ▪ \$5,660,050 ▪ 36.8 workyears ▪ Annually make a presentation to the three major bond rating agencies and provide updates as necessary. ▪ Raise \$578 million in debt and lease financings for operating and capital budgets. ▪ Regularly review opportunities for bond refundings in conjunction with market changes.



Department of Finance At-A-Glance

What Finance Does and for Whom	How Much (FY09)
<p><u>Sound Financial Management (continued)</u></p> <ul style="list-style-type: none"> ▪ Actively manage the County's working capital. ▪ Identify bond refunding opportunities. ▪ Promote the County's procurement card program. ▪ Provide regular financial reports, revenue updates, economic updates and continuing disclosure for County bonds. ▪ Achieve the GFOA Certificate of Achievement for Excellence in Financial Reporting. 	<ul style="list-style-type: none"> ▪ Invest the County's \$900 million average balance investment portfolio. ▪ Process 31,000 procurement card transactions generating \$22,000 in rebate revenue. ▪ Produce 800 grant reports. ▪ Produce all financial reports in accordance with applicable standards. ▪ Annually receive the GFOA certificate for the CAFR.
<p><u>Customer Service</u></p> <ul style="list-style-type: none"> ▪ Provide services to external and internal customers such as taxpayers, vendors, employees, and core business system users through the processing of payments and receivables, answering customer inquiries... 	<ul style="list-style-type: none"> ▪ \$5,666,330 ▪ 51.1 workyears ▪ Bill 357,000 property tax accounts, collecting \$900 million in property tax revenue.



Department of Finance At-A-Glance

What Finance Does and for Whom	How Much (FY09)
<p><u>Customer Service (continued)</u> ... and providing proactive communications to the County's residents, taxpayers, and to our internal and external business partners.</p>	<ul style="list-style-type: none"> ▪ Mail 26,000 delinquency notices and reminders. ▪ Answer 48,000 telephone inquiries made to the Treasury call center. ▪ Process 72,000 transfer office transactions. ▪ Process 95,000 cashier transactions. ▪ Issue 283,000 paychecks and payroll advices. ▪ Issue 153,000 vendor payments and process 31,000 procurement card transactions. ▪ Prepare 6,000 payment vouchers. ▪ Prepare 2,600 and review and post 7,450 journal entries. ▪ Support 1,269 users of County Core Business Systems, and process 2,700 service requests from users.



Department of Finance At-A-Glance

What Finance Does and for Whom	How Much (FY09)
<p><u>Promote a Safe & Healthy Work Environment</u></p> <ul style="list-style-type: none"> ▪ Ensure the safety of our employees, volunteers, and visitors through the promotion of a safe and healthy work environment for County employees. 	<ul style="list-style-type: none"> ▪ \$42,824,610 ▪ 27.6 workyears ▪ Conduct 150 training classes. ▪ Review 200 self-inspection reports. ▪ Review 8,100 contracts for adequate insurance coverage. ▪ Use County leverage and industry knowledge to avoid excess insurance costs



Hiring Freeze

- **Impact**

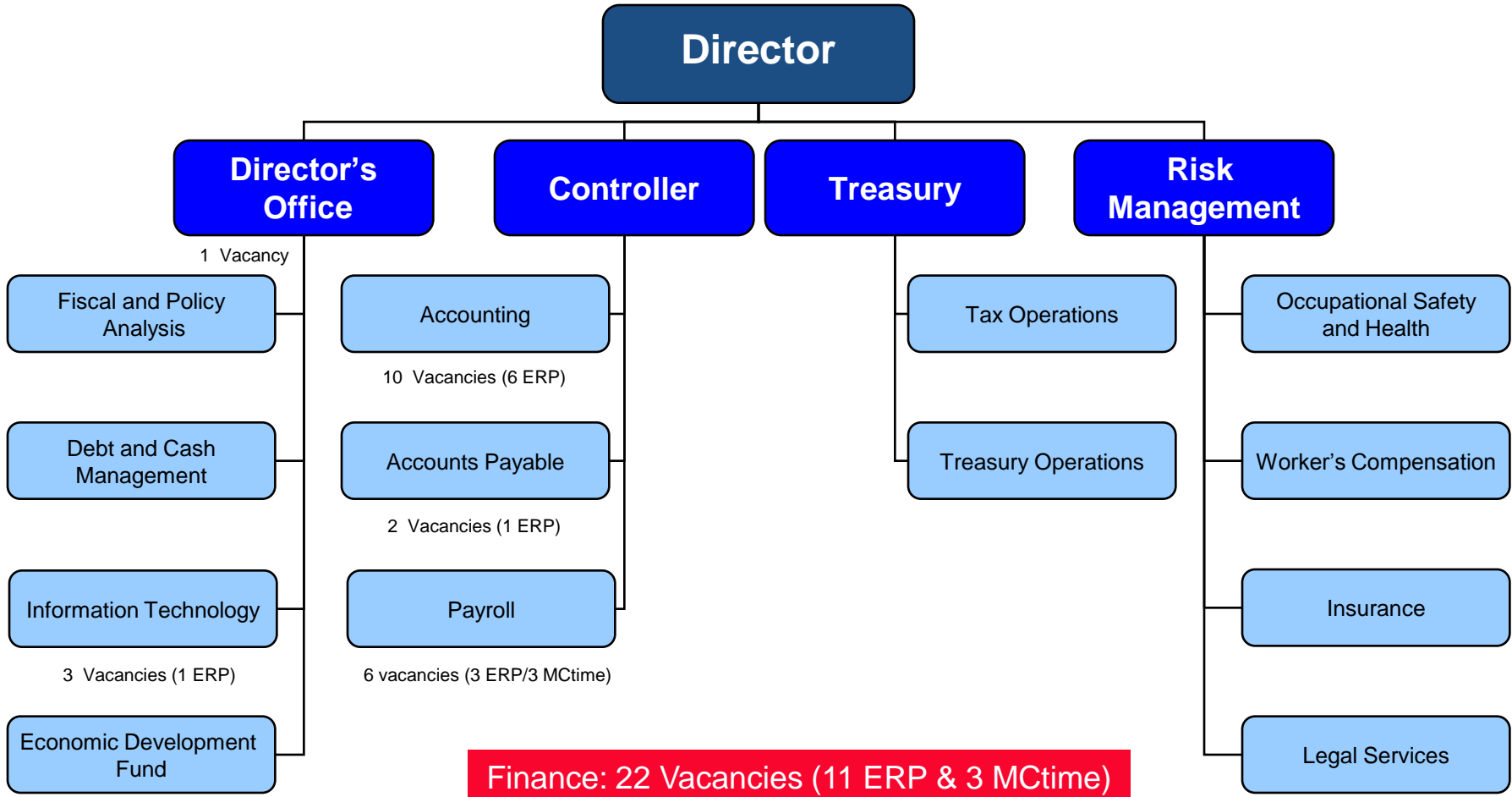
Due to the mission-critical nature of vacancies experienced in Finance, all but one of the positions have been exempted by OMB, minimizing the impact of the hiring freeze.

However, Finance has been impacted by:

1. Retaining vacancies to meet savings plan goals;
2. A vacancy resulting from the RIP;
3. Competition from the private sector for higher-level finance jobs;
4. The challenge of recruiting qualified applicants, which has added to the delay in hiring. Several qualified applicants have not been able to be converted to actual hires due to factors considered by candidates, including: the employee benefits offered, the commute, relocation reconsiderations, and unexpected candidate family issues.
5. Several high level position vacancies had to be re-advertised due to the lack of required qualifications/specifications from applicants.
6. Other departments recruiting transfers from Finance to avoid the hiring exemption process.



Department of Finance: Organizational Chart



Headline Measures

- **Sound Financial Management**

1. Bond Rating
2. Interest Rate Benchmarking
3. *Revenue Forecasting Performance (new)*
4. *Investment Returns Benchmarking (new)*

- **Customer Service**

5. Call Center—*Number of Seconds to Answer Call (revised)*
6. Magic Tickets—Number of Days to Close

- **Promotion of a Safe and Healthy Work Environment**

7. Workers Compensation—Cost per \$100 of Payroll
8. Workers Compensation—Number of Cases Resulting in Lost Work Time



Comparison of Headline Measures to Finance Functions

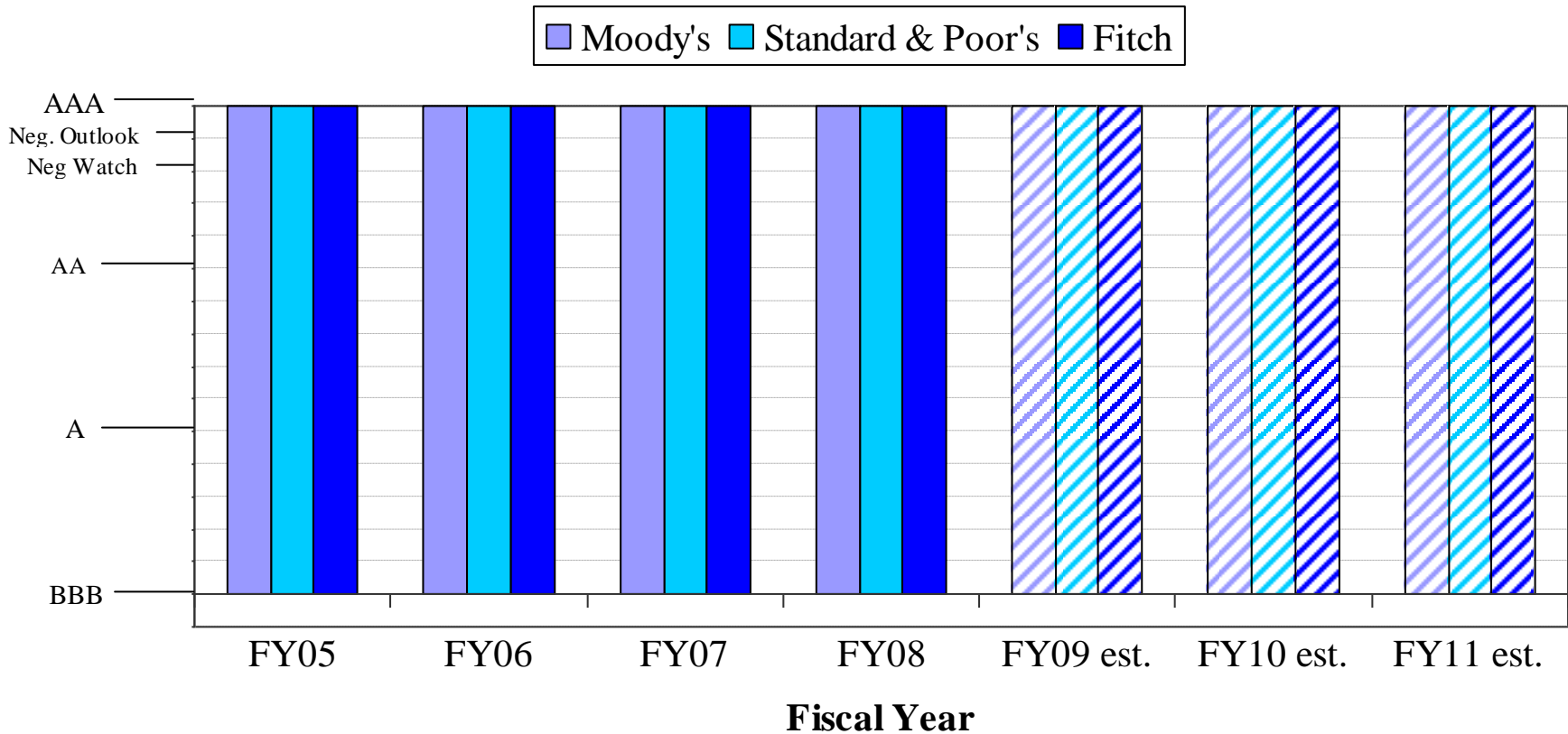
Measure

	1	2	3	4	5	6	7	8
Treasury	✓		✓	✓	✓			
Controller	✓		✓	✓				
Risk Management							✓	✓
Director (Debt & Cash Mgmt, Fiscal & Policy Analysis, Info Tech.)	✓	✓		✓		✓		



Measure 1: Bond Rating

Bond Ratings



Measure 1: Bond Rating

What constitutes good performance for this measure?

- Maintaining the County's AAA bond rating.

Contributing Factors

- Finance actively seeks to keep the rating agencies apprised of economic and revenue conditions in the County and in the region.
- Finance promotes policies that help maintain the bond rating.
- Finance works with OMB and other agencies that contribute to maintaining the bond rating.
- A strong economy, locally, regionally and nationally.

Restricting Factors

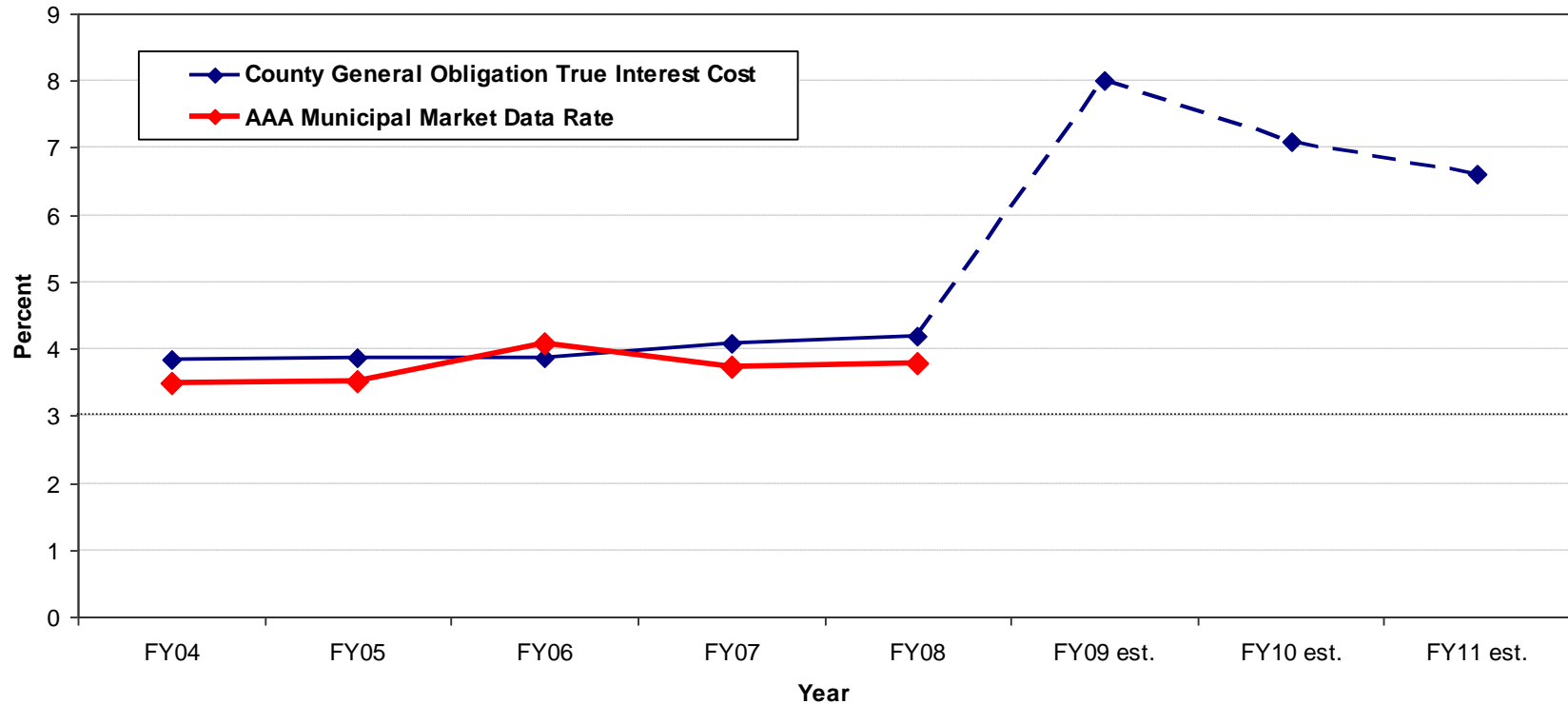
- A struggling economy, resulting in a lack of revenues.
- Policy actions inconsistent with the Department's sound advice.

Maintaining the County's AAA Bond Rating is the manifestation of all of the Department's performance measures.



Measure 2: Interest Rate Benchmarking

Interest Rate Comparison



Basis Point Spread				
FY04	FY05	FY06	FY07	FY08
33.9	37.06	-20.89	35.21	39.09



Measure 2: Interest Rate Benchmarking

What constitutes good performance for this measure?

- Selling bonds at a price that equals or surpasses industry indices.

Contributing Factors

- Sound financial management and reputation.
- Multi-year fiscal planning.
- Stability in the bond markets.
- Demand for high quality municipal bonds.

Restricting Factors

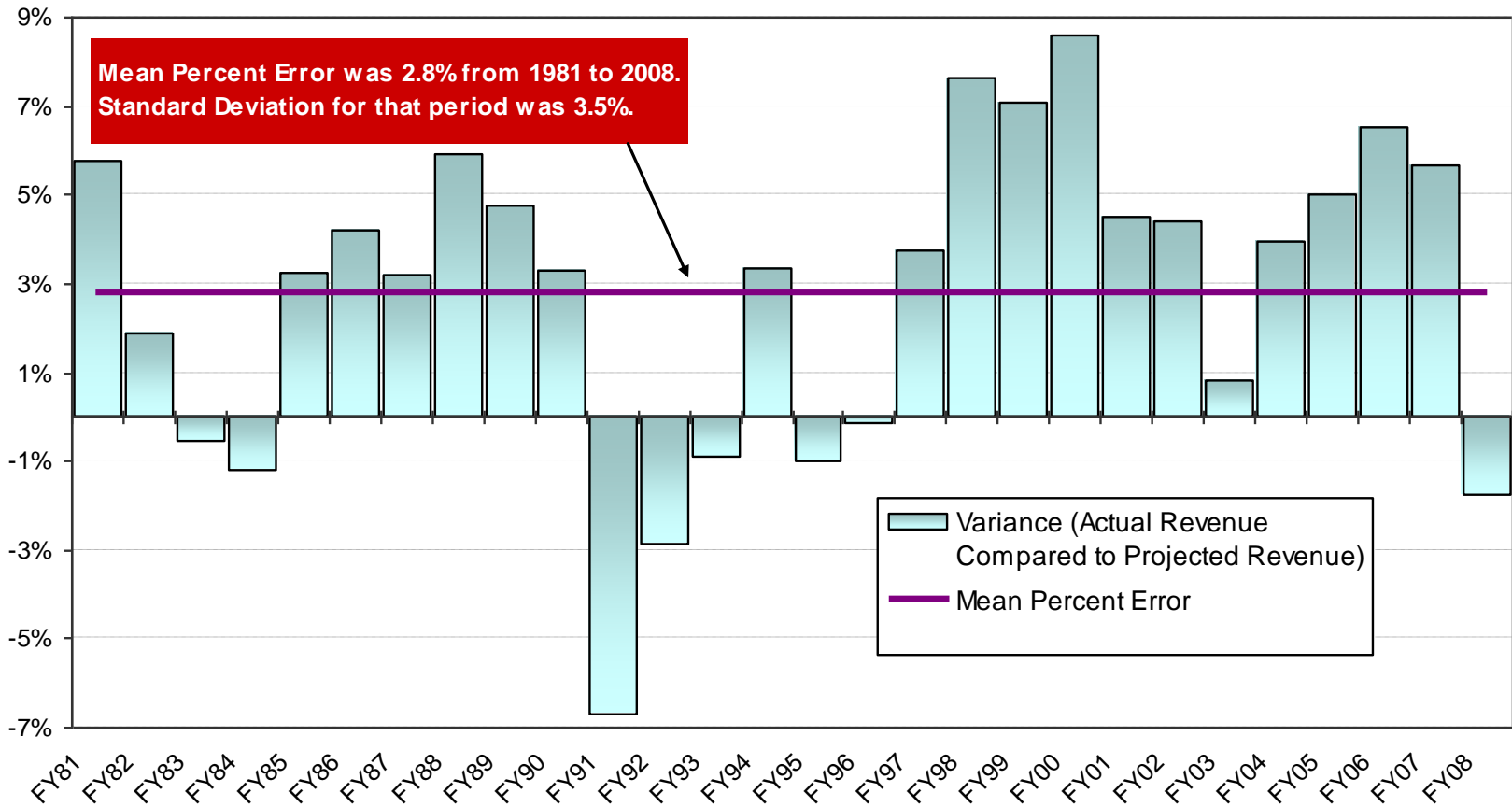
- Volatility in the bond markets.

True Interest Cost of GO Bonds represents actual debt service cost savings realized.



Measure 3: Revenue Forecasting (new)

Revenue Projection Performance



Measure 3: Revenue Forecasting (*new*)

What constitutes good performance for this measure?

- Forecasts that are within 5% of actual revenues.

Contributing Factors

- Review additional data to perform independent and comprehensive forecasting of key revenue sources.
- Perform quarterly budget surveillance for all departments.
- Monitor revenue sources and perform intra-year updates.
- Stable growth in the underlying economy.
- Holding fiscal policy constant over time.
- Current and reliable demographic, economic, and financial data.
- Foreseeable changes to federal, state, and local tax policies.

Accurate revenue projections allow for more effective management and budgeting.



Measure 3: Revenue Forecasting (*new*)

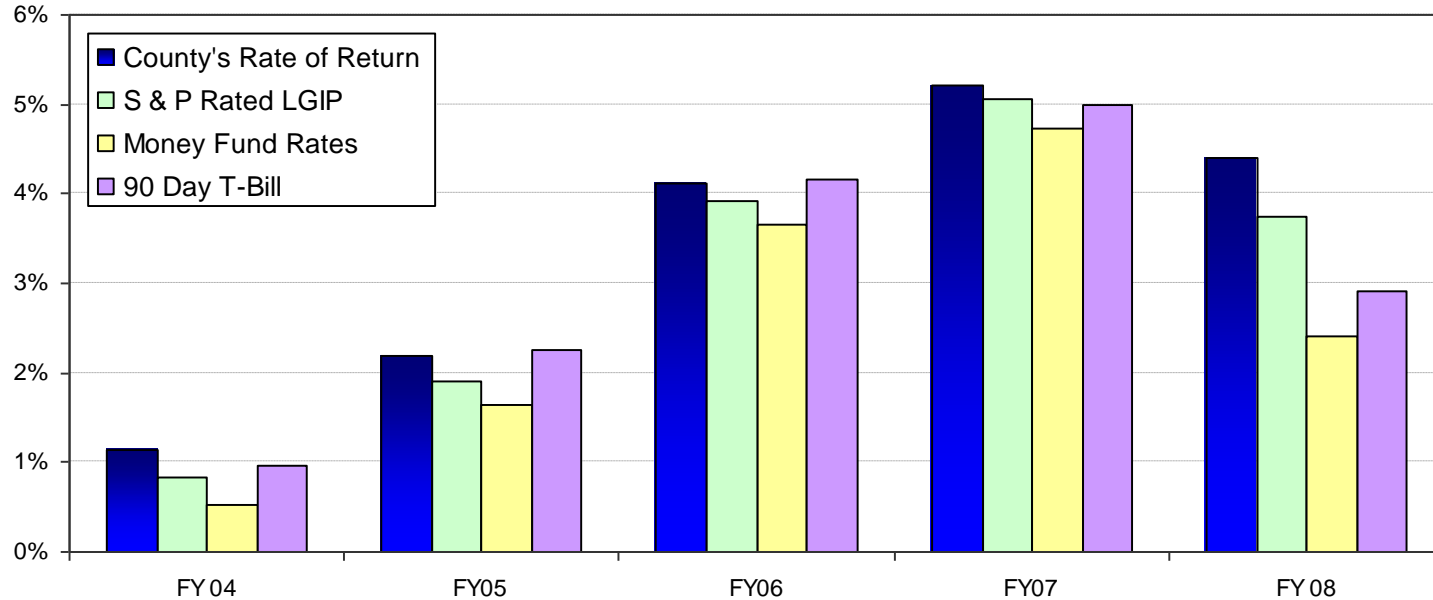
Restricting Factors

- Additional duties and assignments detract from research and revenue forecasting activities.
- Unanticipated changes...
 - in national economic and financial activity,
 - in international economic and financial activity,
 - in federal procurement and employment,
 - in County, federal and state tax policies,
 - in socioeconomic characteristic of the County's population.
 - in money market interest rates resulting from policies of the Federal Reserve System.
- Revisions to baseline economic and financial data by external sources.



Measure 4: Investment Returns Benchmarking (new)

Investments Performance



County's Investment Income Compared to Investment Income @ Local Government Investment Pool (LGIP) Rate					
	FY 04	FY05	FY06	FY07	FY 08
County Avg. Annual Portfolio Balance	\$565,961,721	\$710,178,799	\$883,587,953	\$930,855,484	\$971,351,346
County Annual Investment Income	\$6,410,745	\$15,553,275	\$36,422,693	\$48,472,654	\$42,849,042
County Investment Income @ LGIP Rate	\$4,754,078	\$13,564,415	\$34,636,648	\$47,008,202	\$36,425,675
Additional Income v. LGIP Rate	\$1,656,667	\$1,988,860	\$1,786,045	\$1,464,452	\$6,423,367



Measure 4: Investment Returns Benchmarking (*new*)

What constitutes good performance for this measure?

- County investments exceed the rate of return in the benchmark indices.

Contributing Factors

- Actively manage the County's portfolio
- Maintains a formal Investment Policy.
- Good, timely information from sources.

Restricting Factors

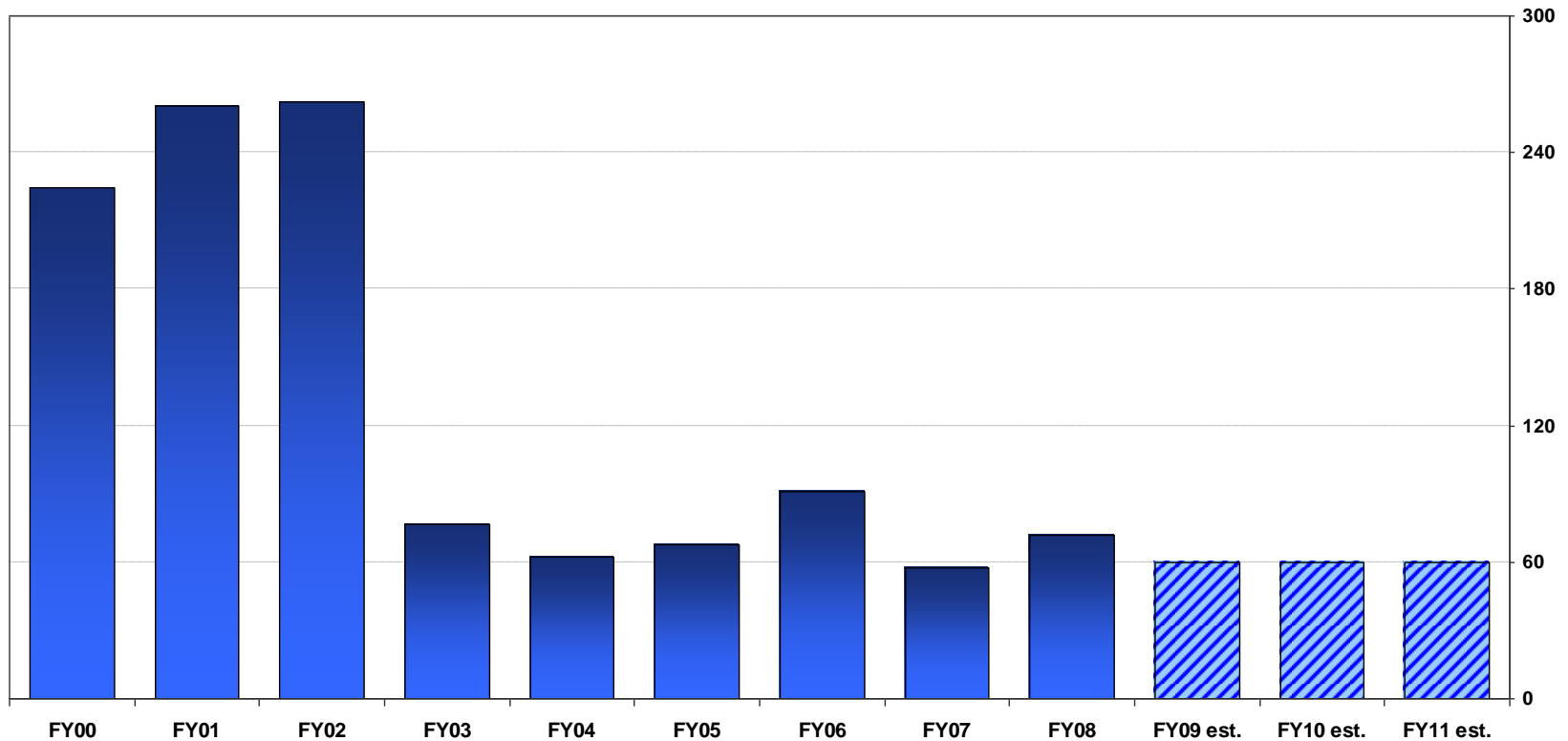
- The level of staffing limits the research that could be done to enhance performance.
- Additional duties and assignments detract from dedication to investment activities.
- Unanticipated changes...
 - in national economic and financial activity,
 - in international economic and financial activity,
 - to money market interest rates resulting from policies of the Federal Reserve System.
- Revisions to baseline economic and financial data by external sources serve to reduce the accuracy of revenue projection

Investment Manager exceeds benchmarks every year. Result: \$13.3 million in additional investment earnings compared to LGIP for the 2004 to 2008 period.



Measure 5: Number of Seconds to Answer Call (Treasury Call Center)

Division of Treasury - Call Center Operations (Average Number of Seconds To Answer Call)



Measure 5: Number of Seconds to Answer Call (Treasury Call Center)

What constitutes good performance for this measure?

- Answering a call within one minute.

Contributing Factors

- Cross-training within the Division of Treasury to ensure that the number of call-takers is always adequate.
- Promote public outreach and web-based tools and information to manage the number of calls received.
- Minimal changes to tax policy result in fewer questions by taxpayers.

Answering customer calls quickly demonstrates our responsiveness and represents high quality customer service.



Measure 5: Number of Seconds to Answer Call (Treasury Call Center)

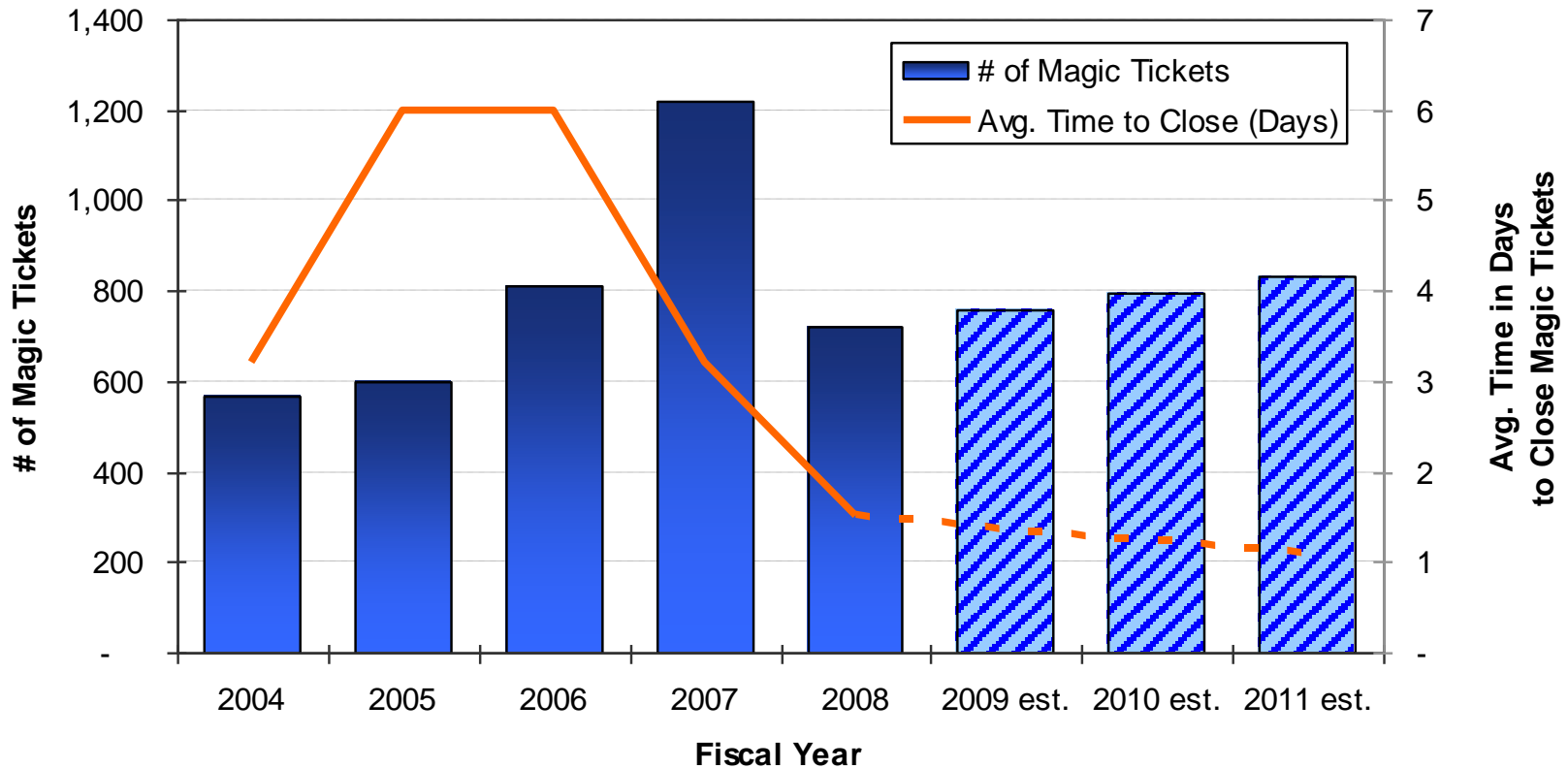
Restricting Factors

- Increasing complexity and changes in tax law generating confusion and questions from taxpayers.
- Changes in assessments causing a rise in calls or emails.
- Errors occurring in payment processing company.
- Errors in property tax program (Munis) maintained by third-party vendor.
- Outdated and inflexible financial billing and collection system limits the County's ability to respond to special requests for billing services from departments, agencies, and other governmental entities.
- Savings plans over the years have reduced ability to make technology improvements.



Measure 6: Number of Days to Close Magic Tickets*

Finance - Internal Customer Service Systems Control - Magic Tickets



* A Magic Ticket is a "trouble ticket" used by the Help Desk to send notification to Finance that a user needs assistance. Magic Tickets include the details of the issue that the user is having.



Measure 6: Number of Days to Close Magic Tickets

What constitutes good performance for this measure?

- For standard questions and issues, 24 hours is excellent performance and 48 hours is good performance. For complex questions and issues, 48 hours is excellent performance and 72 hours is good performance.

Contributing Factors

- Finance contributes to good performance by having staff well trained in understanding how the systems function and who to go to if unsure of the correct answer.
- Technology such as Blackberrys have helped in communications when resources need to be reached.
- Experience and training are also contributing factors as two staff members have now been in Systems Control for 5 years.
- Systems Control has enhanced the training materials to capture the more common problems and address them in a clear and concise way.
- DTS has been a resource to assist in good performance. The Mainframe team has been instrumental in helping us make enhancements to processes and applications to improve customer service.

Resolving Magic Ticket issues quickly demonstrates our good customer service and allows the employees to perform their duties and provide customer service.



Measure 6: Number of Days to Close Magic Tickets

Restricting Factors

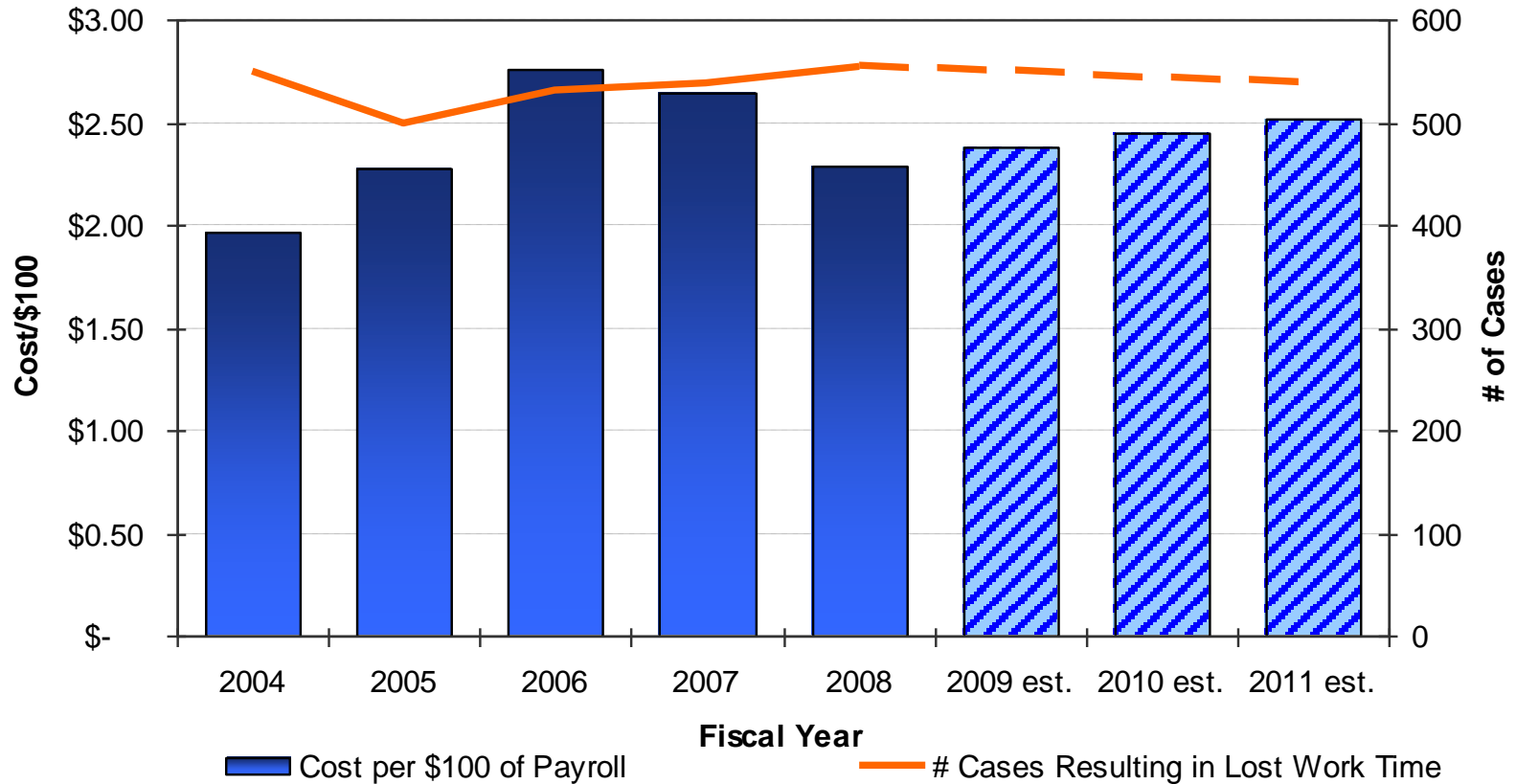
- Limited resources allow for only one class per month for each of the five classes conducted by Finance.
- Computer based training allows us to reach a broader audience in a more timely manner.
- Staff turnover causes a steeper learning curve before the new employee is an expert. The systems are vast and complex and require time to learn all of the possible scenarios that users call about.
- Outside factors include departments asking non-financial people to perform finance related tasks. These users have a more difficult time grasping the accounting and systems concepts and require a lot of assistance.
- Some users call about the same topic multiple times because they are performing job functions that are not in their realm of expertise.
- Project work which limits/restricts staff availability to research and close Magic Tickets. (Projects include ERP, Mctime, numerous automated interfaces into FAMIS to accommodate new service partners (PNC Bank, Duncan Solutions) and the addition of internal interfaces such Munis).



Measure 7: Workers Comp—Cost per \$100 of Payroll

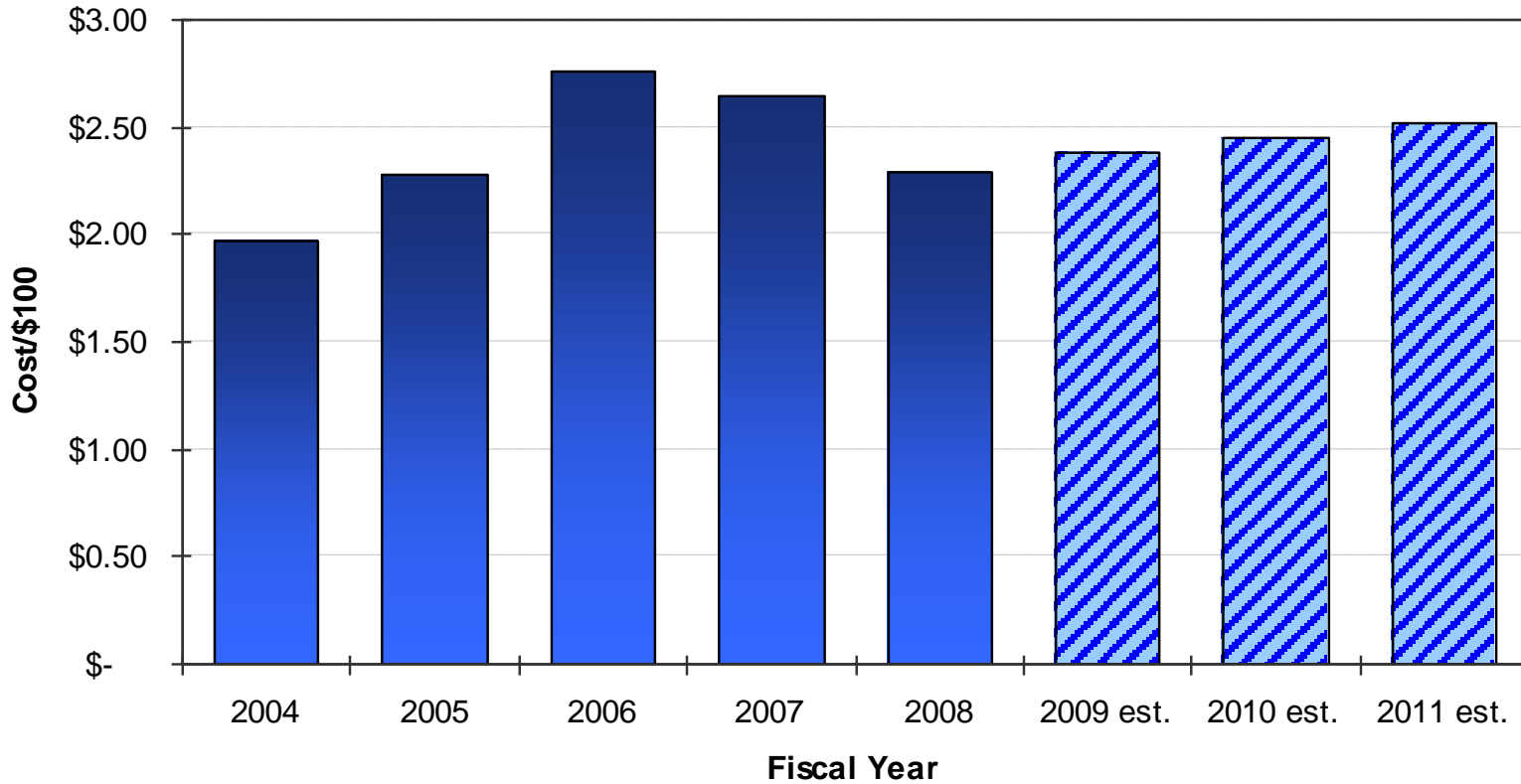
Measure 8: # of Workers Comp Cases Resulting in Lost Work Time

Finance: Risk Management - Safety Section Workers Compensation



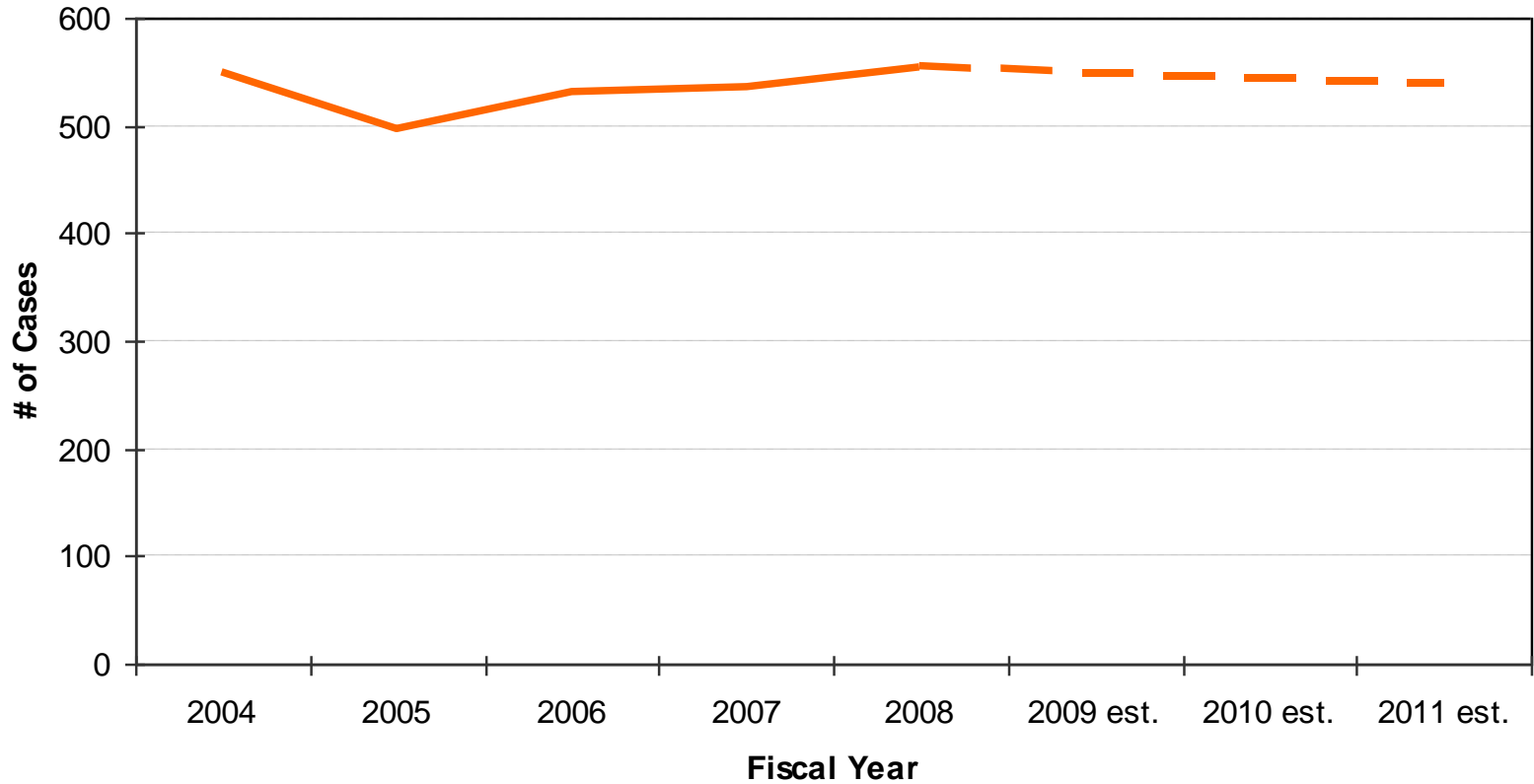
Measure 7: Workers Comp—Cost per \$100 of Payroll

Finance: Risk Management - Safety Section Workers Compensation - Cost Per \$100 of Payroll



Measure 8: # of Workers Comp Cases Resulting in Lost Work Time

Finance: Risk Management - Safety Section Workers Compensation - Cases Resulting in Lost Work Time



Measure 7: Workers Comp—Cost per \$100 of Payroll

Measure 8: # of Workers Comp Cases Resulting in Lost Work Time

What constitutes good performance for this measure?

- A reduction in the number of Workers Compensation claims.

Contributing Factors

- Conducts an annual self inspection of all facilities to identify potential hazards in the work environment and develops action plans to correct deficiencies.
- Re-investigate injury reports to identify root causes and provide best practices guidance to departments to prevent reoccurrence.
- Provide specific and timely training to employees on safety topics related to their job functions.
- Cooperation and support from departments in ensuring the safety of the work staff and environment

Medical cost pressures and the enhancement of required benefits by the State legislature are our biggest challenge.



Measure 7: Workers Comp—Cost per \$100 of Payroll

Measure 8: # of Workers Comp Cases Resulting in Lost Work Time

Restricting Factors

- Management not taking responsibility, nor being held responsible, for failures in providing a safe work environment
- Wage replacement benefits increase each year based on the State average weekly wage.
- Recent legislation has expanded benefits for some Public Safety employees (Deputy Sheriff and Correctional Officers).
- Medical Inflation is trending higher than other inflationary cost increases.
- The Maryland Worker's Compensation Commission has trended in recent years towards granting higher awards of compensation for permanent partial disability benefits.
- Departments are notified of their loss experience on a quarterly basis, but Safety Academy courses are under-utilized by departments who have experienced poor loss experience.



Wrap-Up and Follow-Up Items

- **Follow-Up Items**
- **Performance Plan Updating**

