

003 - AUDITOR-CONTROLLER

Operational Summary

Mission:

To promote public oversight, provide accountability, and support financial decision-making for the County.

Strategic Goals:

- To manage the increasing financial risk faced by the County by enforcing our system of accounting controls.
- To anticipate and satisfy our stakeholders and clients' needs for financial services and information.
- To increase organizational effectiveness by making the appropriate investments in our staff and technology.

Key Outcome Indicators:

At a Glance:	
Total FY 2002-2003 Actual Expenditure + Encumbrance:	13,021,697
Total Final FY 2003-2004 Budget:	14,462,396
Percent of County General Fund:	0.59%
Total Employees:	409.00

Performance Measure	2002 Business Plan Results	2003 Business Plan Target	How are we doing?
RECEIVE UNQUALIFIED OPINION AND GFOA CERTIFICATE FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE CAFR. What: Measures the integrity and accuracy of the County's annual financial statements. Why: Provides assurance that the CAFR fairly presents the financial position of the County.	The County received an unqualified opinion for fiscal year 2000-2001, and the GFOA Certificate for fiscal year 2000-2001.	The department expects to achieve the same high level of success for fiscal year 2001-2002, having fully implemented GASB 34 and other recent GASB pronouncements.	The department lead a countywide team in a successful implementation of significant new pronouncements from GASB in order to stay in compliance with financial reporting requirements and with generally accepted accounting principles.
99% OF ALL PROPERTY TAXES WILL BE ALLOCATED TO TAXING AGENCIES ON TIME. What: Measures ability to meet deadlines for computing property tax bills and allocating tax revenues. Why: Provides timely revenue to County taxing agencies who receive funding from tax revenues.	The department met all property tax deadlines, apportioning over \$3.4 billion in property taxes, penalties, special taxes/assessments, and interest to over 170 local government funds in 64 separate apportionments.	The department fully expects to meet all property tax deadlines.	Property tax apportionment deadlines continue to be met in spite of frequent tax statute changes and the complexity of the tax allocation process.
99% OF STATE AND FEDERAL FUNDS WILL BE CLAIMED IN TIME TO SATISFY CASH FLOW REQUIREMENTS. What: Measures compliance with deadlines that assure timely receipt of funds and avoidance of penalties. Why: The amount of revenue associated with these claims is over \$1 billion.	The department achieved over 99% compliance for fiscal year 2001-2002. The department expects to have 99% compliance for fiscal 2002-2003.	The department will remain committed to timely submission of the over 1,350 required claims and reports, in order to maximize revenue, avoid penalties, and maintain funding for the many County programs which rely on State and Federal participation.	State and Federal funds continue to be claimed in a timely manner.



Key Outcome Indicators: (Continued)

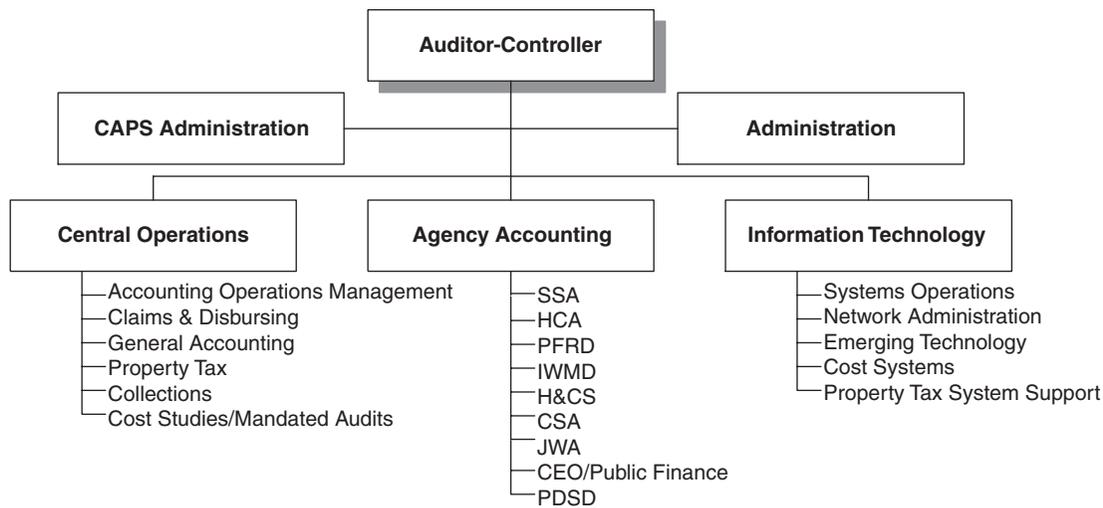
Performance Measure	2002 Business Plan Results	2003 Business Plan Target	How are we doing?
ACHIEVE CAPS USER SATISFACTION WITH FINANCIAL AND PAYROLL SYSTEMS TO 90% OR HIGHER. What: Measure client satisfaction with functionality of Financial and Payroll Systems and related support. Why: Make certain AC provides appropriate level of support for financial and payroll applications.	New Measure	Develop survey instrument and conduct survey.	New Measure
REDUCE HARD COPY/FICHE PRINTING/DISTRIBUTION COST 20%, WHILE INCREASING ACCESS TO FINANCIAL RECORDS. What: Measures reduction of report preparation and access costs due to new imaging technology. Why: Ready access to report information coupled with ability to extract report information for other uses	Countywide rollout of WebERMI has been completed. User training substantially completed. Expand usage of data mining.	Discontinue hard copy printing of reports and measure savings as a result of doing so.	Provided users further assurance of long term availability of reports by adding optical storage, hierarchical storage management and DVD authoring for disaster recovery. This was a prerequisite for complete shutdown of hardcopy/fiche.

Fiscal Year FY 2002-2003 Key Project Accomplishments:

- Received, on behalf of the County of Orange, the Association of Information and Imaging Management (AIIM) Best Practices Award for 2003 for the Electronic Report Management and Imaging System (ERMI). The award recognizes the employment of imaging and report management solutions to dramatically improve documents/records management.
- Implemented seamless integration of disparate systems such as CAPS, CUBS, and PFRD Transportation billing by providing a single portal for ERMI. Additionally provided financial document processing for payment vouchers, journal vouchers and Auditor-Controller/Collections using scanners and optical disk libraries (jukeboxes). Facilitated connectivity for 35 County Agencies on the ATM; user training for over 400 countywide users; and communications using a chat-room/bulletin board.
- Implemented the latest sub-releases of AMS Financial and Human Resources software product.
- Completed the County's CAFR and component unit financial statements by scheduled deadlines with unqualified audit opinions for all statements. Received the GFOA Certificate of Achievement for Excellence in Financial reporting for the CAFR.
- Prepared and issued financial statements in conformance with the New Reporting Model for governments required under statements issued by the Governmental Accounting Standards Board (GASB) - GASB Statements Nos. 33, 34, 36, 37, 38, and Interpretation #6.
- Met daily, weekly, monthly or other deadlines for basic services such as payroll, property tax distributions, vendor payments, revenue collection and reporting, appropriation/budget control, reports to the Board, and submission of State and Federal reports.
- Determined that all Auditor-Controller mandates were met.
- Updated additional 14% of Accounting Procedures in County Accounting Manual and posted them to the County's intranet site. Reformatted all 37 existing Accounting Procedures into a "user friendly" Table of Contents sorted by logical subject matter.
- Provided post bankruptcy services by completing available cash distributions, paid Option "B" pool participants, and maintained and updated "Available Cash" model.

- Continued development of employee recognition program that allows managers, supervisors and employees to acknowledge outstanding achievement. Continued publication of quarterly newsletter to increase communication throughout the office.
- Completed biennial client surveys of services performed by the outstationed Auditor-Controller accounting teams and a client satisfaction survey of vendors which received high satisfaction ratings. Continue to implement appropriate changes requested as a result of prior client surveys.
- Continue to support the Performance Initiative Plan Program by providing necessary training and meeting Performance Action Plan, PIP goal-setting, Progress Review, Final Evaluation, and other appropriate review dates for employees. Continue to fulfill requirements of the County's Management Performance Plan, meeting goal-setting, evaluation and other required dates for all managers.

Organizational Summary



CENTRAL OPERATIONS - This division provides the core accounting activities required of the Auditor-Controller which benefit the County as a whole, including: apportionment of property taxes for all County tax-receiving agencies; providing payroll and claims processing for the benefit of all County departments; accounts receivable and collections functions for many County departments; Cost Studies and Mandated Audits Section, which prepares the County's annual Countywide Cost Allocation Plan (CWCAP) that is utilized for cost reimbursement claiming purposes by most County departments; and preparation of the County's annual financial statements. With the exception of Collections/Accounts Receivable, which is cost-applied to client departments, the core services provided by the Accounting Operations and Reporting division are financed by general-purpose revenues of the General Fund.

AGENCY ACCOUNTING - This division supports nine other agencies/departments by providing outstationed specialized accounting/financial services. The outstationed agency/department accounting support sections are entirely funded by host agencies that have outside revenue sources.

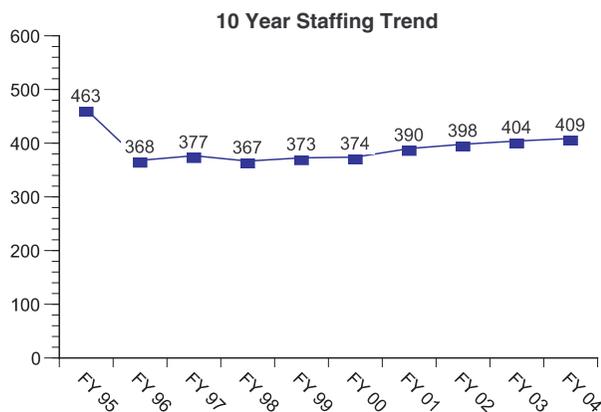
CAPS ADMINISTRATION - CAPS Administration provides administrative support for the County Accounting and Personnel System (CAPS). This function is assigned to the Auditor-Controller but represents the interests of all owner organizations: CEO/CFO, CEO/Human Resources, and the Auditor-Controller.

EXECUTIVE MANAGEMENT - This section includes the executive management team that provides leadership and direction for the department. It consists of the Auditor-Controller, Chief Assistant Auditor-Controller, their secretaries, and the Communications/Staff Development Coordinator.

INFORMATION TECHNOLOGY - The Information Technology division is responsible for the implementation, maintenance and upgrade of the County's central accounting and financial systems, as well as the development of other accounting-related systems.

ADMINISTRATION - This division includes human resources, purchasing, budget management, and administrative support and staff services. This division provides central administrative and staff support to the rest of the department.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- FY 94/95 - Added 4 systems positions to work on CAPS. Added 14 positions in outstationed agency units, most in SSA Accounting with no Net County Cost (NCC) effect.
- FY 95/96 - Eliminated 15 positions due to transfer of internal audit responsibilities to a new County agency. Eliminated 31 other County General funded positions from Central Operations and 49 positions from outstationed Agency units.
- FY 96/97 - Added 4 positions to work on CAPS upgrade (partial restoration of 9 positions eliminated from Systems in 95/96). Added 5 positions to outstationed Agency Accounting with no NCC effect.
- FY 97/98 - Restructure resulted in a net decrease of 10 positions.
- FY 98/99 - Added 6 positions to Agency Accounting with no NCC effect.
- FY 99/00 - Added 1 position in the central office as additional clerical support for purchasing and HR function.
- FY 00/01 - Added 26 positions that were transferred in as part of HCA restructuring with no NCC effect. Added 1 Limited Term position for GASB 34 implementation. Eliminated 10 positions that were transferred to CEO/HR with no NCC effect. Eliminated 1 position from central office.
- Mid year adjustments - In November 2000, added 2 Limited Term positions for GASB 34 implementation, 1 HR manager, 1 Systems Analyst for ATS, 1 limited term for DA/Family Support study, deleted 2 positions in SSA Accounting Services. In February 2001, added 3 positions due to Systems reorganization. In May 2001, deleted the limited term DA/FS position, added 1 position in PF&RD Accounting for Dana Point leases.
- FY 01/02 - Added 1 position in General Ledger, 1 limited term position in Systems for the CAPS upgrade.
- FY 01/02 Mid year adjustments - 1 position in CSA Accounting for the Area Agency on Aging, 2 positions in PF&RD Accounting for Dana Point leases, 1 position to HCA Accounting for Medi-Cal Administrative Activity/Targeted Case Management, and 1 position to SSA Accounting for a collection officer. Base budget of 403 positions.
- FY 02/03 - Added 1 Sr. Systems Programmer/Analyst to a three year limited term in the Information Technology division.
- FY 02/03 Mid Year Adjustment - 1 limited term Sr. Accountant/Auditor II added to Information Technology to support CAPS fit analysis and CAPS Upgrade. Base budget of 405 positions.
- FY 03/04 - Added one Sr. Accountant/Auditor I and one Accounting Assistant II to Planning and Development Services Department Accounting and added two Accounting Assistant II positions to HCA Accounting (converting two extra help positions to regular status).

Budget Summary

Plan for Support of the County's Strategic Priorities:

Although the Auditor-Controller does not have responsibility for a specific priority item, the department budget request reflects support of the overall priorities including initiation, implementation and continued support of several technology projects designed to enhance overall efficiency and enable data gathering and processing to be more efficient throughout the County.

Changes Included in the Base Budget:

The budget request reflects the Auditor-Controller's continued desire to increase the usefulness and accessibility of financial systems. As County departments change and re-engineer their business processes to increase efficiencies and implement new technologies, the Auditor-Controller is consistently working to control risk at the appropriate level. As County departments are now struggling to reduce their budgets and streamline operations, the Auditor-Controller will work to ensure that all risk control measures are comprehensively enforced, and that the gate-keeping function of the office remains secure.

Net County Cost Reductions: The Auditor-Controller Department reduced \$98,000 net county cost from the 2002-2003 budget as part of the countywide budget re-balancing process. The \$98,000 reduction is also included as part of the 2003-2004 base budget request.

Approved Budget Augmentations and Related Performance Results:

Unit/Amount	Description	Performance Plan	Ref. Num.
ADD 2 ACCOUNTING POSITIONS FOR PLANNING & DEVELOPMENT SERVICES DEPARTMENT Amount: \$ 46,387	Request positions to support restructure of building permitting fees & implementing billing system.	Complete on-time milestone tasks associated with recognizing revenue through claims, reconciliation.	003-001
BIENNIAL AUDIT OF PROBATION DEPARTMENT Amount: \$ 52,500	The Auditor-Controller is mandated to conduct audit of Probation Department every other year.	The Auditor-Controller does not have an audit staff and must contract for the work to be done.	003-003
EXTRA HELP CONVERSION--2 ACCOUNTING ASSISTANT II Amount: \$ 0	Request conversion of extra help positions to regular to retain staff and reduce claims backlogs.	Claims processed within 5 days, reduction of provider claims inquiries by 50%.	003-006

Final Budget and History:

Sources and Uses	FY 2001-2002 Actual Exp/Rev	FY 2002-2003 Budget As of 6/30/03	FY 2002-2003 Actual Exp/Rev ⁽¹⁾ At 6/30/03	FY 2003-2004 Final Budget	Change from FY 2002-2003 Actual	
					Amount	Percent
Total Positions	-	405	405	409	4	0.99
Total Revenues	5,311,533	5,301,897	5,597,228	5,958,535	361,307	6.46
Total Requirements	12,067,750	13,347,563	13,033,524	14,462,396	1,428,872	10.96
Net County Cost	6,756,217	8,045,666	7,436,296	8,503,861	1,067,565	14.36

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 2002-03 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Auditor-Controller in the Appendix on page 434.



Highlights of Key Trends:

- The Auditor-Controller workload increases proportionately with the addition and expansion of County programs and with the general growth in the County budget and number of positions. Workload also increases as a result of requests from client departments for new and enhanced services and for interfaces with our automated systems.
- Key Technological enhancements that serve to reduce overall workload for County administrators, (such as continued roll-out of on-line payroll timekeeping program and the Electronic Reporting Management and Imaging System) have created significant new workload for the department.
- Workload continues to increase as the number of County programs expands to support the County's growing population. Since the bankruptcy, the number of County positions has grown beyond pre-bankruptcy levels when adjusted for Court positions. (Even though the Courts are no longer a County agency, the Auditor-Controller continues to perform all the related accounting and payroll services for them on a fee basis.) Although increases in operating efficiency and technology have assisted in closing the gap between resources and workload, the gap is widening due to expanding workload. Transactions processed have increased in key areas 25 percent over the last three years.
- Implementation of the new financial reporting model (GASB 34) has placed pressure on resources. Although some of the additional workload is resulting from transition issues, a sustained increase in workload will result from additional reporting model requirements.
- Significant information technology development work will continue for the basic financial systems that manage the county. The Assessment Tax System is in the process of being totally rewritten. The County Accounting and Personnel Systems are also being redeveloped. These developments are placing additional strain on an already taxed Information Technology Division.

Budget Units Under Agency Control

No.	Agency Name	Central Operations	Agency Accounting	Caps Administration	Executive Management	Information Technology	Administration	Total
003	Auditor-Controller	6,446,943	3,354,865	0	604,483	2,973,373	1,082,732	14,462,396
14A	Option B Pool Participants Regist Warrants	968,764	0	0	0	0	0	968,764
14C	Class B-27 Registered Warrants	252,145	0	0	0	0	0	252,145
15Q	Pension Obligation Bond Amortization	16,000,000	0	0	0	0	0	16,000,000
15W	1996 Recovery Cop Series A	3,123,010	0	0	0	0	0	3,123,010
15Y	Sched 1 County- Admin Accounts	0	0	0	0	0	0	0
15Z	Plan Of Adjustment Available Cash	4,820,494	0	0	0	0	0	4,820,494
	Total	31,611,356	3,354,865	0	604,483	2,973,373	1,082,732	39,626,809