

Mecklenburg County
Financial Management Services Assessment Report
March, 2010

Financial Management Services Assessment Steering Committee

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Financial Management Services Assessment Report

Table of Contents

| | |
|--|-------------|
| Executive Summary | 3-4 |
| Assessment Process and Methodology | 5-7 |
| Attachments | 8-60 |
| • Financial Management Assessment and Key Actions Implementation Plan..... | 9-27 |
| • Project Process for Financial Management Services Assessment..... | 28-30 |
| • Steering Committee Members..... | 31 |
| • SWOT Analysis..... | 32-38 |
| • County Manager’s Memoranda..... | 39-41 |
| • Steering Committee Agendas and Meeting Summaries..... | 42-60 |

Financial Management Services Assessment Report

March 2010

Executive Summary

Mecklenburg County's approach to financial management has been to provide departments the flexibility needed to manage financial/business affairs under the auspices of organization-wide policies and procedures. Primary accountability for compliance has been delegated to department directors, with monitoring provided by the County Finance Department and/or the Internal Audit Department. Until now, this strategy had not been formally articulated or acknowledged. Instead, it has been the de facto strategic approach that evolved in increments over several years rather than designed as a whole system.

In many ways, this approach has served the organization well. It has enabled the development of knowledgeable and skilled financial management leadership and staff throughout the organization. This includes the development of department directors who are well versed and astute in financial and business management. It also has enabled departments with differing business needs – including very different financial management requirements – to address these sometimes unique needs.

While enjoying these strengths and other benefits associated with this strategy, Mecklenburg County also has experienced many of the challenges and disadvantages typically found in a decentralized structure. These include:

- Inconsistent department financial management structures, services, staff resources and reporting lines
- Multiple cultures associated with financial management services throughout the organization.
- Conflict/rivalry between divisions, especially between corporate and department financial management operations
- Missed opportunities for economies of scale and staff/resource sharing
- Ineffective or inconsistent communication and collaboration across departments
- Unclear role and responsibilities of the central finance department in providing compliance oversight
- Turf protectionism
- Perceptions that department financial activities and decisions are unique to the department (i.e., the belief that only department staff can properly understand and address the department's unique needs).

Such challenges are not unique to Mecklenburg County. Indeed, these are often inherent in decentralized operations because, generally, the focus of staff can be narrowly directed to addressing department needs. Again, this approach carries both inherent advantages and disadvantages.

Therefore, although there are many aspects of Mecklenburg County's financial management services that reflect the desired state, there also are opportunities for improvement. The recommendations provided in this report are based on the intent to retain, sustain and leverage the strengths of Mecklenburg County's financial management services, while making structure and processes changes that improve the efficiency and/or effectiveness in these services. The recommendations include:

- Adopt a **financial management strategy** for the organization that enables **Flexibility and Accountability within a Framework**
- Reorganize and restructure to **manage key accounting functions corporately** (i.e., under the direct supervision of the County Finance Department) rather than by department/business units
- Designate a **fiscal control compliance officer in each department**

- Designate senior fiscal manager within each department as **fiscal control compliance officer** in that department
- **Reorganize and restructure reporting lines** to have fiscal control compliance officer/senior financial manager within departments report to the County's Finance Department along with the department director/designee. This dual reporting enables **shared accountability** for department directors in fiscal control and financial stewardship within departments
- **Specify and clarify performance standards and accountability** for financial management and fiscal control
- **Establish a fiscal control team** comprising financial/business management staff and Internal Audit Department staff to identify opportunities for improving fiscal control and to serve as a resource for departments in proactively seeking help improving fiscal controls
- **Enhance Internal Audit Department's capacity, capabilities and functions**, including more frequent core audits and more timely audit reports
- **Establish a financial services support center** managed by the Finance Department to advise and direct staff on proper accounting and other fiscal control compliance. This also would allow the Finance Department to identify issues or concerns that could be addressed through sharing of resources (i.e., providing temporary assistance to address a critical issue)
- **Consolidate all department/agency capital reserve needs/projects** into one capital reserve process. **Redesign planning and decision making on capital reserve and fleet replacement similar to Technology Reserve process**
- **Develop formal/intentional communication processes** (e.g., quarterly meetings and other ongoing methods) among financial management officers to share relevant information about financial management functions/services and foster greater collaboration across departments
- **Establish a well-defined conflict management process** to mitigate and resolve conflicts in ways that maintain and/or enhance working relationships
- **Establish/ensure consistency in job classifications** for financial management positions throughout the organization, and **clarify recruiting and hiring standards and processes** for filling financial management services vacancies.

These recommendations constitute major organizational change in both business processes and key human processes. Therefore, as noted in the detailed recommendations provided in **Attachment 1**, there is a significant need for detailed business process management/mapping (BPM) and redesign as a prerequisite to many of the changes, especially restructuring to manage key accounting functions corporately. Therefore, it is strongly recommended that Mecklenburg County contract with a third-party to conduct the BPM services. This will provide timely and unbiased findings and recommendations on specific business process changes.

The proposed timeline for implementing the recommended action steps specifies various accountabilities in undertaking these changes. It is important to note that while several action steps can be accomplished within 12 months, others will require multi-year and/or ongoing efforts. Priority has been given to those action steps that serve as the foundation for system design and change, including implementing recommendations for strategy and structure (i.e., reporting and accountability).

Mecklenburg County is well situated to build on its many areas of strength in financial management. There is high quality talent and expertise as well as sound financial management policies and procedures in place. There is a strong desire to sustain and improve consistency and accountability in high-performance financial management. There is strong consensus among department directors and financial management staff that the recommendations and actions steps will result in necessary changes that enable Mecklenburg County to reach this desired future state.

Financial Management Services Assessment Report

Assessment Process and Methodology

Background

The County's current financial management structure is highly decentralized. There are 33 services in the Financial Management and Fiscal Control Program Category totaling \$48 million in expenses with approximately 500 FTEs. Therefore, one out of ten employees has some financial management activity as their primary responsibility within the organization. These activities, at the enterprise and department levels, are varied in scope and function, and involved with different levels of management control. However, all County departments and agencies are subject to and accountable for adherence to the County's financial management policies and procedures, which are administered by the County Finance Department.

Project Objective

The overall objective of this project is to ensure that Mecklenburg County is effective and efficient in financial management/fiscal control. Therefore, the project will review and assess the status quo and recommend any changes necessary to improve the effectiveness and efficiency of these services.

Scope

Assess all enterprise and department financial management services/activities within the Financial Management/Fiscal Control Program Category, with the goal of ensuring that fiscal services are provided in the most efficient and effective manner.

Methodology

The key phases of the project process were as follows:

Phase 1 – Design

The design phase, completed in advance of convening a steering committee, included a project plan and general timeline that described the key steps and deliverables for this process. The Effective & Efficient Government Focus Area Leadership Team approved the design and appointed the steering committee. The steering committee reviewed and concurred with the design as one of its initial actions.

Phase 2 – Discovery

The steering committee undertook several steps to gather, review, and share pertinent data and information, including the following:

- Community & Corporate Scorecard and/or department scorecard performance results
- Mecklenburg County's financial management policies and procedures
- Current structures and reporting
- Job descriptions and qualifications
- Recruitment and hiring processes and practices
- Accepted best practices (internally and externally)
- Prospective best practices
- Current funding and other resource allocations
- Funding and other resources

Phase 3 - Deliberation

This phase involved analysis and discussion about pertinent data and information, as well as analysis about the current and desired future state, gaps between these states, and changes that may be needed to move from current to future desired state. Key tools used in this phase included SWOT analysis and Affinity Diagrams.

The deliberation phase also included developing priorities and potential options regarding:

- Strategies
- Structure and Reporting
- Business and Human Processes
- Human Resources

Phase 4 – Decisions

This phase involved developing recommendations using the following format:

- **Strategy** – Identifying a business strategy that defines how the proposed financial and fiscal control services should be managed and delivered to achieve its goal(s).
- **Structure** – Identifying the best structure to support the recommended business strategy.
- **Processes** – Three key process areas were addressed:
 - **Key Business Process** – Identifying and outlining business activities and processes that ensure successful service delivery.
 - **Key Human Processes** – Identifying and outlining elements of how people involved in financial management/fiscal control will interact with each other in the desired state using the following elements of interaction: Leadership and Accountability; Planning and Budgeting; Decision-Making; Communication (i.e., employee access to information to do their jobs); Recruiting & Hiring; Employee Development; Conflict Management; Employee Recognition and Rewards
 - **Business Process Mapping** – Identifying existing and needed review of current business processes to determine how to streamline these processes, share resources and/or manage corporately.
- **Culture** – Articulating the current culture that supports the existing behaviors as it relates to financial management and fiscal controls, and identifying the desired culture that should be developed and supported.

Phase 5 – Do It

This phase is part of the next steps in implementing the Steering Committee’s recommendations. The steering committee developed a timetable for implementation that identifies the accountabilities for those who would lead and participate in implementing various components of the recommendations over the next year and beyond.

Findings and Recommendations

SWOT Analysis Summary: A cross-section of department/agency directors and financial management staff held a facilitated SWOT analysis that resulted in the following conclusions regarding the characteristics of Mecklenburg County’s financial management services:

- Experienced, professional staff that is committed to being good stewards of public funds
- Sound financial management policies and cost control procedures
- Strong cost accounting
- Good corporate (financial and budget) automation systems
- Weak Internal Audit function, perhaps due to insufficient resources

- Decentralized implementation (organized by departments) is a double-edged sword:
 - Financial management services staff are well integrated with and understand the business needs of the department. Therefore, they can provide a high level of support services (i.e., timely). However, this approach also can create a narrow perspectives (i.e., not recognize the corporate needs), inconsistent implementation of procedures, and limiting of economies of scale. In addition, there can be a disconnect between the corporate needs and department needs based on different perspectives.
- Roles, responsibilities and accountabilities are not always clearly defined.
- Communication is not consistent or productive; often there is miscommunication or lack of communication
- Collaboration and coordination is limited outside of each department
- There is no formal (defined) process for consistent recruitment, hiring, development/training of staff
- The “system” was developed over time in increments rather than designed as a whole system. This led to disconnected functions and lack of clarity about roles, responsibilities and accountabilities.
- There is a lack of sufficient trust among various staff, primarily between corporate staff and department staff. This seems to stem from how people do (or do not) communicate and how roles and responsibilities are defined (or not well defined).

Affinity Diagrams Summary: The Steering Committee used affinity diagrams to identify the current state and desired future state of financial management services within Mecklenburg County. Subsequent deliberation and decision resulted in a set of recommended key actions to move from the current state to the desired future state. These recommendations are provided in Attachment 1. These recommendations include the following:

- Current State Summary
- Desired Future State Summary
- Key Actions
- Accountabilities for Key Actions
- Timeline for Key Actions

Attachments

- Attachment 1: Financial Management Assessment and Key Actions Implementation Plan.....10
- Attachment 2: Project Process for Financial Management Services Assessment..... 29
- Attachment 3: Steering Committee Members.....32
- Attachment 4: SWOT Analysis..... 33
- Attachment 5: County Manager’s Memoranda.....40
- Attachment 6: Steering Committee Agendas and Meeting Summaries.....43

**FINANCIAL MANAGEMENT SERVICES ASSESSMENT
and
KEY ACTIONS IMPLEMENTATION PLAN**

Strategy

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| Current State | Mecklenburg County’s financial management strategies are focused on achieving corporate (organizational) goals for sound stewardship of public funds. These corporate strategies strive to ensure compliance with financial management policies and fiscal controls, while providing appropriate flexibility for departments to manage budgets and other public resources to address customer service needs. This flexibility enables departments to seek progressive and more efficient ways to implement the organization’s financial management strategies. | |
| Desired Future State | Mecklenburg County’s financial management business strategy is to have Flexibility and Accountability within a Framework . This strategy features the following components: <ul style="list-style-type: none"> • An intentional, unified, consistent, understood and embraced method of planning, budgeting, implementing and evaluating financial management services that is flexible in accommodating various and changing business needs • Comprehensive, well-defined financial management goals and performance measures that are aligned to the Board’s desired results and that are appropriate and sufficient to evaluate the organization’s financial management strategies and to evaluate corporate and department performance in achieving goals for sound stewardship of public funds. | |
| Key Actions | <p>Initiated by July 2010 and completed by November 2010</p> <ul style="list-style-type: none"> • Assemble a small employee task team to recommend new and/or revised financial management measures at the corporate, department and service (financial management services) levels. | <p>Executive Sponsor: General Manager Project Lead: SOI Leadership Key Participants: Cross-functional team of department directors and financial/business management staff</p> |

Structure

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| Current State | Mecklenburg County’s financial management services system uses an organizational structure that is decentralized by County departments. This structure supports the diverse and specialized business units across the organization and assigns financial management accountability to each department director, with guidance and support provided by a central finance department. This organizational structure has been developed over time in increments rather than having been designed intentionally as a whole system. This structure demands and has resulted in knowledgeable, professional financial management staff in departments who have built and operate financial management functions to |
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| | <p>address their department’s business needs within the overall County framework. Therefore, department financial management structures, services, staff resources and reporting lines vary by department. The chief financial manager in each department reports to the department director or the director’s designee.</p> | |
| <p>Desired Future State</p> | <p>Mecklenburg County’s organizational and reporting structure supports the business strategy of Flexibility and Accountability within a Framework. This structure enables diverse and specialized business units across the organization to provide services to address their business needs while also ensuring consistency in fiscal control. This structure enables shared accountability (executive oversight, direct oversight and management, operational compliance), and accountability for compliance with fiscal policies and procedures is clearly defined at all levels and for all functions involved in providing financial management services.</p> | |
| <p>Key Actions</p> | <p>Initiated by July 2010 and completed by October 2010</p> <ul style="list-style-type: none"> • Fiscal Control Compliance Officer -- Each department/agency director will designate a fiscal control compliance officer for the department/agency. This does not entail creating a new position; it involves assigning specific accountability to the highest level position within the department/agency associated with fiscal control functions (e.g., Sr. Fiscal Administrator). This accountability specifies that this position is responsible for ensuring that proper fiscal controls are in place within the department/agency and that staff is compliant with these controls. Dual Reporting -- The position designated as the department/agency fiscal control compliance officer shall have dual reporting, with direct reporting to the department/agency director (or their designee) and the County Finance Director (or their designee). This dual reporting reflects the shared accountability for executive oversight of fiscal controls and fiscal control compliance between the department/agency director and the Finance Director. Dual reporting includes shared responsibility and decision making for recruiting, hiring, supervising, developing/training, and evaluating the performance of the fiscal control compliance officer. Note: Departments that do not have a Sr. Fiscal Administrator or another specific position identified as the highest level position within the department will designate the fiscal control compliance officer upon the position that serves in this capacity for the department (e.g., Business Manager). • Define, with more clarity, direct and indirect reporting as well as shared accountability (see Key Human Process below) for various critical roles within the organization. This includes better articulating the roles and responsibilities of Office of Strategic Organizational Improvement (SOI) and department budget/financial functions; the Finance Director and department financial management functions (particularly the statutory responsibilities the Finance Director has to the organization and their role and interaction with department financial managers). | <p>Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: All departments (directors, financial/business management staff)</p> <p>Note: These key actions will drive many other key actions, so these should be addressed as one of the top priorities. In addition, the nature and scope of this work may require contracting outside resources to provide various services in support of the HR Department.</p> |

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| | <ul style="list-style-type: none"> • Define with more clarity the accountability of the department directors and department financial managers in complying with the County’s fiscal policies and procedures. • Ensure there is consistency in job classifications for financial management positions across all the departments/agencies. <p>Initiated by July 2010 and completed by November 2010</p> <ul style="list-style-type: none"> • Job functions of similar nature should be explored for resource sharing across departments and/or to provide back-up areas when necessary. <p>Initiated in July 2010 and completed by November 2010</p> <ul style="list-style-type: none"> • Financial Services Center – The Finance Department would establish a financial services center that would serve primarily the smaller departments/agencies that have limited human resources dedicated to financial management functions. This would designate resources within the Finance Department to work directly with smaller departments/agencies to advise and develop financial management capabilities and to ensure fiscal control compliance. It also would allow the Finance Department to identify where there may be issues or concerns that could be addressed through sharing of resources (i.e., providing temporary assistance to address a critical issue). | <p>Executive Sponsor: General Manager Project Lead: Finance Department with direct support/consultation from Human Resources Department Key Participants: All departments (directors, financial/business management staff)</p> |
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Culture

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| <p>Current State</p> | <p>Throughout our organization, there are multiple cultures associated with financial management services, particularly differences between corporate views (e.g., SOI, Finance Department, County Manager’s Office) and departments. We strive for and often have collaborative working relationships. Still, the differing business needs and therefore differing perceptions and perspectives can create communication breakdowns, distrust and perceptions among some department staff that they are on their own and/or not included as part of a larger organizational team responsible for financial management. Likewise, there also are perspectives among some corporate level staff that some department staff operate or want to operate autonomously and/or resent involvement and direction from corporate levels. Despite these instances where differences sometimes create dysfunction, the County’s financial management services culture is largely characterized as open and service-oriented, fiscally conservative, accountable and detailed, while also sometimes being rigid (regarding policy and procedures), reactionary and slow moving.</p> |
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| Desired Future State | Mecklenburg County's financial management culture is characterized by integrity and accountability, risk-averse fiscal discipline, open communication, mutual assistance and collaboration among departments, proactive information sharing, effective conflict management and trust. Employees responsible for financial management services constitute a knowledgeable, well trained, qualified and diverse workforce that is recognized and rewarded for consistent high levels of performance. | |
| Key Actions | <p>Various and ongoing per Accountabilities to the right</p> <ul style="list-style-type: none"> • Address issues of trust and communication. • Roles, responsibilities and accountabilities should be well defined and clear to all those who are involved in financial management services (including department directors). | Culture is developed by confronting and changing key human processes that are barriers to the desired culture. Therefore, the key actions in building the desired culture are reflected in the key actions listed under Key Human Processes, as well as Structure above. |

Key Business Functions

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| <u>FISCAL CONTROL</u> | | |
| Current State | The County's fiscal control function operates using required policies, procedures, rules and regulations that enable appropriate oversight, accountability, and checks and balances. However, some aspects of fiscal control vary by department and can result in inconsistencies. This occurs, in part, because of delays in revising policies and procedures to acknowledge new practices. Therefore, some aspects of fiscal control policy and procedures are implemented through oral direction. In addition, insufficient internal auditing resources limit services that inhibit timely recognition of inconsistencies and/or variances from policy and procedures. | |
| Desired Future State | Mecklenburg County's fiscal control activities are consistent with required policies, procedures, rules and regulations. It is clearly understood by all financial management staff that the County policy and procedures supersede department/agency procedures. Fiscal controls include executive and management oversight, and operational checks and balances such as segregated duties. Departments engage in self-critique and evaluation of compliance under the guidance and review of the Internal Audit Department and Finance Department. Departments also seek and receive assistance in developing and implementing proper fiscal control procedures through ongoing training and coaching as well as through easy access to a best practices resource data base that is kept current by the Finance Department and department finance managers. The County's financial management policies and procedures are updated regularly to ensure consistency in compliance throughout the organization. The County's Internal Audit Department (IA) provides timely core audits and other regular audits to evaluate compliance and identify areas needing improvement. IA and the Finance Department provide information and other support to assist departments in making necessary improvements. IA's audit standards, audit schedule and portfolio of service are clearly defined. | |
| Key Actions | <p>Initiated by July 2010 and completed by November 2010 (with some ongoing)</p> <ol style="list-style-type: none"> 1. Ensure the County's financial management policies and procedures are up-to-date | <p>Bullets 1-5</p> <p>Executive Sponsor: General Manager Project Lead: Finance Department Key Participants: All departments providing input and</p> |

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| | <p>2. Define/refine the process for maintaining updated policies and procedures</p> <p>3. Establish financial management competencies and current competency levels</p> <p>Initiated at completion of #3; implementation by January 2011</p> <p>4. Identify, develop and implement ongoing training plan to ensure employees reach/obtain necessary competency levels</p> <p>Initiated by January 2011 and completed by January 2012</p> <p>5. Develop project plan to create best practices resource data base and process for keeping it updated</p> <p>Initiated by March 2010 and completed by July 2010</p> <p>6. Establish Internal Audit standards, audit schedule and portfolio of services</p> <p>Implemented by March 2010; Completed by April 2010</p> <p>7. Develop and implement self-critique/self-evaluation tool(s) for departments</p> <p>Implemented by July 2010 (first project – review results of self-evaluation tool)</p> <p>8. Establish Fiscal Control Team comprising financial/business management staff and IA staff to identify opportunities for improving fiscal control and to serve as a resource for departments in proactively seeking help improving fiscal controls</p> | <p>feedback on existing and/or proposed policies and procedures. It also would be useful to have a small, cross-functional team (SOI, Finance, departments) reviewing and providing recommendations regarding bullets 1-4. IST should be involved in automating process developed for bullet #5.</p> <p>Bullet 6: Executive Sponsor: General Manager Project Lead: Internal Audit Department (IA) Key Participants: Input from departments will be used by IA in developing the audit schedule and portfolio of services</p> <p>Bullet 7: Executive Sponsor: General Manager Project Lead: IA, Finance Department Key Participants: All departments will administer the Control Self Assessment. Department directors will certify the survey responses are accurate</p> <p>Bullet 8: Executive Sponsor: General Manager Project Lead: Finance Department Key Participants: IA staff, SOI, Finance and department financial/business management staff will serve on the Fiscal Control Team (rotating service)</p> |
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| <u>PLANNING</u> | |
| Current State | <p>The function and process of planning reflects the need for having both flexibility and a repeatable and predictable process. The flexibility affords strategic and innovative planning and decision making that allows thinking differently but also contributes to the process often being cumbersome, inconsistent, fragmented and characterized by insufficient communication and lead time. Generally, the final products (strategic business plans) are professionally produced and sufficient to meet the needs of executive and elected leaders.</p> |

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| Desired Future State | <p>Mecklenburg County’s annual planning process is well defined and understood and provides clear guidance for department directors in revising or developing priorities and service initiatives. The planning process features proactive collaboration among departments and other agencies that identify cost effective ideas, solutions, partnerships and/or other improvements in services and costs. The planning process also features considerable citizen engagement activities. The planning process is completed prior to and serves as a guide for recommending funding in the subsequent year’s budget. Therefore, there are few, if any, funding requests that have not been vetted through the planning process. The planning process includes open communication (internally and externally), as appropriate, to enable employee and public participation in these processes. The processes also provide sufficient time to develop plans and funding requests, and to provide input and ask questions. The plans are quality products and consistently meet or exceed the needs of executive and elected leaders.</p> | |
| Key Actions | <p>Initiated by July 2010; completed by October 2010</p> <ul style="list-style-type: none"> • Process redesign is needed for planning steps. • The greatest opportunity for improvement exists in redesigning the planning process to establish more clear expectations and roles and responsibilities, including greater participation among budget/financial staff throughout the organization. • A key element of the redesign should focus on enhancing two-way communication among the budget/financial staff in departments as well as in the Finance Department and SOI. <p>Initiated in July 2010; completed by September 2010</p> <ul style="list-style-type: none"> • Capital Reserve -- Consolidate all department/agency capital reserve needs/projects into one Capital Reserve process that would be managed/governed similar to the Technology Projects/Technology Reserve process. This would include funds that are not currently part of the County’s Capital Reserve. • Fleet Reserve – Redesign planning and decision making on fleet replacement into a process that is managed/governed similar to the Technology Projects/Technology Reserve process. | <p>Executive Sponsor: General Manager Project Lead: SOI Leadership Key Participants: Cross-functional team of department directors and financial/business management staff including Finance, SOI and PSI</p> <p>Note 1: Capital Planning/Budgeting Project (process development/redesign) was initiated in November 2009 with final deliverable projected for August 2010</p> <p>Note 2: The first three key action bullets for Planning and for Budgeting can be performed as a two-phase project (see below)</p> |

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| BUDGETING | |
| Current State | <p>Like planning, the function and process of budgeting reflects the need for having both flexibility and a repeatable and predictable process. The flexibility affords strategic and innovative decision making that allows thinking differently but also contributes to the process often being cumbersome, inconsistent, fragmented and characterized by insufficient communication and lead time. Generally, the final products (recommended and final budgets) are professionally produced and sufficient to meet the needs of executive and elected leaders.</p> |

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| Desired Future State | Mecklenburg County's annual budgeting process is well defined and understood and provides clear guidance for department directors in revising or developing priorities and service initiatives. The budget process follows the planning process, which serves as a strong guide for recommending funding in the subsequent budget. Therefore, there are few, if any, funding requests that have not been vetted through the planning process. Because the budgeting process is an extension of the planning efforts, it reflects the characteristics of the planning process in terms of collaboration among departments/agencies, innovative ideas and solutions, partnerships and other improvements in services and costs. The budgeting process also features considerable citizen engagement activities. The budget processes include open communication (internally and externally), as appropriate, to enable employee and public participation in these processes. The process also provides sufficient time to develop funding requests, and to provide input and ask questions. The budget products (e.g., recommended budget and final budget) are quality products and consistently meet or exceed the needs of executive and elected leaders. | |
| Key Actions | <p>Initiated in October 2010; completed by January 2011</p> <ul style="list-style-type: none"> • Process redesign is needed for budgeting steps and how these are integrated with planning steps. • The greatest opportunity for improvement exists in redesigning the budget process to establish more clear expectations and roles and responsibilities, including greater participation among budget/financial staff throughout the organization. • A key element of the redesign should focus on enhancing two-way communication among the budget/financial staff in departments as well as in the Finance Department and SOI. | <p>Executive Sponsor: General Manager Project Lead: SOI Leadership Key Participants: Cross-functional team of department directors and financial/business management staff including Finance, SOI and PSI</p> <p>Note: The key actions for Planning and for Budgeting can be performed as a two-phase project (see above)</p> |

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| <i>PROCUREMENT</i> | |
| Current State | Procurement processes vary by department for those purchases not required to be bid. Procurement services provided to the County by the City of Charlotte are handled objectively (i.e., fair and unbiased). Responsiveness and communication could be improved, and could be handled more effectively if it weren't as bureaucratic. There is no service level agreement with the City so roles are unclear and the City is not held accountable for the services it provides to the County. The City gives preference to the City's procurement needs and activities. |
| Desired Future State | Mecklenburg County has an up-to-date procurement policy that is consistent with all laws and governs a clearly defined and objective process for purchasing goods and services throughout County departments and agencies. Procurement services provided to departments and agencies are based on service level agreements (SLAs) that specify service requirements (e.g., type and level of services, customer service standards), roles and responsibilities (of the service provider and the customer receiving procurement services). Procurement service provider(s) and customers are held accountable for fulfilling their respective roles and responsibilities. |

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| Key Actions | <p>Already initiated; completed by May 2010</p> <ul style="list-style-type: none"> • Adopt and implement Procurement Policy and Procedures Initiated in May 2010 (at completion of policy above); completed by December 2010 • Based on this policy, the County Manager’s Office and the Finance Department should approach the City of Charlotte to develop a formal agreement for the provision of Procurement Services. | <p>Executive Sponsor: General Manager Project Lead: Finance Department Key Participants: Input from departments, especially those who actively engaged in formal bidding projects (e.g., RES, IST, P&R, etc.)</p> |
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| <u>RISK MANAGEMENT</u> | | |
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| Current State | <p>Risk management as a financial management function/service is outsourced to the City of Charlotte’s Risk Management Division. However, overall accountability for this function/service is unclear and the function/service is not well understood by department leaders. The function/service also lacks a clear strategy and scope, and has a low profile and low priority within most departments, which may leave the County vulnerable. In addition, there is inconsistency in how risk management is managed within departments.</p> | |
| Desired Future State | <p>Mecklenburg County outsources risk management functions/services to the City of Charlotte’s Risk Management Division. Executive and management oversight accountabilities for this function/service are well defined and understood throughout the County organization. Department accountabilities for risk management and loss cost control also are well defined. The overall strategy and scope of functions is clearly defined and communicated to all Department/Agency Directors. Performance, in this regard, is assessed as a component of each Department/Agency Directors annual review. Additionally, Department/Agency Directors are responsible for ensuring that risk management functions are managed consistent with the County’s risk management policy.</p> | |
| Key Actions | <p>Already initiated; completed by October 2010</p> <ul style="list-style-type: none"> • Develop and adopt Risk Management Policy • Develop and incorporate risk management/loss cost control strategy and performance measures as part of scorecards (Community & Corporate Scorecard; Department; Service levels) • Designate executive and management oversight of Risk Management Division (RMD) function/services • Clarify and communicate to departments the function/services provided by RMD and department roles and responsibilities | <p>Executive Sponsor: General Manager Project Lead: County Manager’s Office Key Participants: A Risk Management Working Group has been established by the County Manager’s Office that includes a General Manager, Finance Director, HR Director, SOI Management & Budget Director, Sr. Attorney, and RMD Director and staff. This Working Group is addressing all the bullet items above.</p> |

ACCOUNTING

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| Current State | Accounting is something of a behind-the-curtain mystery that includes insufficient communication with decisions made after the fact. As a result, it is considered by some as inconsistent and inflexible, while others view it as adequate, organized and providing sufficient segregation of fiscal control. Accounting provides a good audit trail that allows for making improvements and catching mistakes. The process is computerized and features examples of innovation. The function lacks a service level agreement defining levels of service and responsiveness. | |
| Desired Future State | Mecklenburg County has a transparent and open process to handle all accounting functions and responsibilities. These processes are conducted in a consistent and deliberate manner that allows all involved parties to have a clear understanding of their purpose and importance. The highest goal of those involved in this endeavor is the straightforward and responsible management of public funds, consistent with County policy and procedures. Technology is leveraged to its maximum potential and thorough auditing practices have been implemented to mitigate the threat of misappropriating public funds. | |
| Key Actions | Initial BPM completed by March 2010; A/P and Revenue Recording completed by December 2010 <ul style="list-style-type: none">Financial transactions associated with accounting functions should undergo a business process management evaluation (and potential redesign), with each major function in this area being evaluated over the next three years, particularly transaction steps that cross departments (i.e., business units and the Finance Department) , such as receivables, payment processing, etc. Upon receipt of the BPM report, Accounts Payable and Revenue Recording functions should be among the first functions to be managed corporately (others functions also may be identified from the BPM report as well). For these purposes, managing corporately means these functions will be managed under the direction of the Finance Department. Two key aspects of the subsequent steps in managing these functions corporately should be to seek greater effectiveness in fiscal control compliance and in achieving cost efficiencies through processes changes and/or resource sharing/reallocation. Initiated in July 2010; completed in December 2010 <ul style="list-style-type: none">Redesign bond/capital projects accounting function to be managed corporately by the Finance Department | Executive Sponsor: General Manager Project Lead: Finance Department Key Participants: BPM, all departments, SOI (external consultant is highly recommended for this project for timeliness in executing change) Executive Sponsor: General Manager Project Lead: Finance Department Key Participants: all departments engaged in bond/capital projects accounting |

**FISCAL DATA
MANAGEMENT**

| | | |
|-----------------------------|--|--|
| Current State | Fiscal Data Management offers good systems with good integration between systems that provide timely, efficient, accurate and accessible information. Some systems remain separate, however. Although fiscal data management has improved and is still improving, there remains a need for better real-time information for decision making, greater accessibility to non-financial management staff and/or more training for users. There is some perception that restricting access to the system and its information provides unwarranted power and control for some staff. | |
| Desired Future State | Fiscal data is managed in a secure environment to ensure proper stewardship of confidential data. However, fiscal data needed by employees to do their jobs is readily available and financial and non-financial staff is trained to use systems to obtain data and related reports. Mecklenburg County's fiscal data management systems feature good integration to ensure data flows easily between systems to ensure timely access to accurate information, enabling efficient and effective data-driven decisions. | |
| Key Actions | <p>Initiated by September 2010; completed by December 2010</p> <ol style="list-style-type: none"> 1. Review current systems to evaluate security and integration capabilities, and recommend any needed improvements <p>Initiated by January 2011; completed by June 2011</p> <ol style="list-style-type: none"> 2. Review competencies needed to access data and the training available/needed to ensure competencies exist for those that need them. | <p>Bullet 1: Executive Sponsor: General Manager Project Lead: IST & Finance Key Participants: Finance Department, SOI, HR, departments</p> <p>Bullet 2: Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: Finance Department, IST, SOI, departments</p> |

**GRANTS
ADMINISTRATION**

| | |
|----------------------|---|
| Current State | Grants administration occurs with no formal and/or articulated organizational strategy, and therefore is largely undefined and confusing. Still, some regard the function as operating efficiently. Staff involved includes those with specialized expertise as well as those who are unskilled in grants administration. |
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| Desired Future State | Mecklenburg County has a clear overall strategy for seeking grants, and a well-defined process for developing grant applications and administering grants received. This includes defining priorities for grant applications and the appropriate roles and responsibilities (and accountabilities) associated with grant seeking and administration activities. It also includes establishing performance measures to evaluate the process and the value of grants received. | |
| Key Actions | <p>Initiated by July 2011; completed by January 2012</p> <ul style="list-style-type: none"> Review best practices for grants strategy and administration within large, urban local government organizations. Develop recommended corporate strategy and business plan for grants administration Assemble employee task team to undertake the key actions. <p>Initiated by July 2010; completed by December 2010</p> <ul style="list-style-type: none"> Redesign grants accounting function to be managed corporately by the Finance Department | <p>Executive Sponsor: General Manager Project Lead: County Manager's Office Key Participants: Finance, SOI, departments active in grant writing/requests</p> <p>Executive Sponsor: General Manager Project Lead: Finance Department Key Participants: Finance, SOI, departments active in grant writing/requests</p> |

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| <u>CONTRACT ADMINISTRATION</u> | | |
| Current State | Contract administration sometimes can be organized, efficient and well-managed, but many aspects of the process are cumbersome, time consuming, inefficient and lacking in accountability for approvers (in terms of timely approvals). The process begins as a decentralized activity and then bottlenecks to a somewhat centralized approval process that appears to lack resources. The process provides a good audit trail for contracts. | |
| Desired Future State | Contract administration is a well managed and efficient process that involves the necessary key business partners across the organization. The process utilizes current technology to ensure a good audit trail and allow users and contract approvers to have access to needed information in a timely manner. The County has dedicated the appropriate amount of resources to make this a priority. | |
| Key Actions | <p>Already initiated; completed by June 2010</p> <ul style="list-style-type: none"> A Business Process Management (BPM) project is underway to evaluate the current process and recommend changes to streamline and otherwise improve the process. | <p>Executive Sponsor: General Manager Project Lead: SOI Leadership & Finance Key Participants: BPM, Finance Department, all departments</p> |

| <u>PAYROLL</u> | | |
|-----------------------------|---|-----|
| Current State | The payroll system (MyHR) works sufficiently, quickly, efficiently and is dependable and stable. Some believe the system is complex and complicated and that reporting is bureaucratic. The process is managed with very few staff. | |
| Desired Future State | The payroll system (MyHR) works sufficiently, quickly and efficiently, and is dependable and stable. The system is simple to navigate and reporting is clear. The process is managed with very few staff. | |
| Key Actions | <ul style="list-style-type: none"> There are no key actions needed at this time. Opportunities may arise to improve technology to simplify user interactions with the system. | N/A |

Key Human Processes

| <u>LEADERSHIP AND ACCOUNTABILITY</u> | |
|---|---|
| Current State | Generally, the leadership and accountability associated with financial management services is knowledgeable, strong, proactive, results-oriented and characterized by integrity. Additionally, leadership and accountability varies throughout the organization and by department. This includes split accountability within the organization (i.e., some leadership and accountability centralized within the Finance Department and some leadership and accountability placed upon department directors and/or department financial managers). This can result in some areas of the organization exhibiting stronger and more accountable leadership than other areas. This may be a function of the department/agency size and the amount of resources available to provide financial management services. |
| Desired Future State | Financial management leadership is strategic and visionary, with clearly defined roles and responsibilities that include shared decision making. Leadership is proactive in providing direction and committed to and supportive of the County’s financial management strategies, policies and procedures. Leadership is knowledgeable, result-oriented and characterized by integrity. Leaders demand to be held accountable and are held accountable for financial management performance. Accountability for financial management is clearly defined and consistently applied throughout the organization. |

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| Key Actions | <p>Combine with Structure Key Actions above (Initiated by October 2010 and completed by January 2011)</p> <ul style="list-style-type: none"> Define with greater clarity the roles and responsibilities, direct and indirect reporting, and accountabilities for independent and shared decision making. This includes Executive Team, General Managers, Finance Director, SOI leadership, department directors, and financial managers in departments. This task should be undertaken by the Steering Committee or by an employee task team that would include members of the Steering Committee. This task should be supported by Human Resource Department staff. <p>Note: Defining accountabilities is linked to clearly defining financial management policies and procedures, as well as having sufficient financial measures by which to hold people accountable.</p> | <p>Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: Financial Management Assessment Steering Committee and/or cross-functional task team</p> |
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| <u>DECISION MAKING</u> | | |
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| Current State | <p>Decision making across financial management in the county is data-driven, collaborative and top-down. While a top-down approach is needed to ensure consistency, it can at times have negative, unintended consequences on the department staff that has to implement the decisions made. Decision making can be reactive and slow. Responsibility and accountability for decision making is sometimes not clearly defined, and the rationale for decision making is not always communicated.</p> | |
| Desired Future State | <p>Financial management decision-making is intentional and data-driven across the entire organization. Decisions are made at a corporate level with a top-down approach and communicated clearly and timely to departments, with decision makers clearly defined. The decision making process is well-defined and includes input and feedback from employees. Collaboration across the financial management units in the County is utilized as much as the given topic warrants and/or allows. The County is strategic and proactive in its decision making, while also flexible in reacting to situations as they arise.</p> | |
| Key Actions | <p>Combine with Structure Key Actions above (Initiated by October 2010 and completed by January 2011)</p> <ul style="list-style-type: none"> As a companion to the Key Action in Leadership and Accountability, the group addressing this should also identify the major financial management decision making processes (e.g., planning, budgeting, etc.) and map out the decision making processes at various levels, including key decision makers. | <p>Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: see Leadership & Accountability above. This also may include BPM staff</p> |

| <u>CONFLICT MANAGEMENT</u> | | | |
|---|---|---|--|
| Current State | Methods of managing and addressing conflict range from aggressive complaining to passive aggressive behavior to complete avoidance and circumvention. Many times, resolution of the conflict occurs by a decision at the top of the organization rather than through a designed conflict management process. As a result, conflicts sometimes do not get addressed fully and/or can simmer as unresolved. | | |
| Desired Future State | Mecklenburg County has a well defined conflict management process that is used frequently to mitigate and resolve conflicts in ways that maintain and/or enhance working relationships. | | |
| Key Actions | <table border="1"> <tr> <td> Implemented by October 2010 <ul style="list-style-type: none"> Adopt a conflict management process similar to the conflict management process approved for other areas of the organization </td> <td> Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: all departments </td> </tr> </table> | Implemented by October 2010 <ul style="list-style-type: none"> Adopt a conflict management process similar to the conflict management process approved for other areas of the organization | Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: all departments |
| Implemented by October 2010 <ul style="list-style-type: none"> Adopt a conflict management process similar to the conflict management process approved for other areas of the organization | Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: all departments | | |

Conflict Management

Conflict can be destructive and create dysfunction within an organization, team or between individuals. However, conflict also can be productive if managed properly. The most important consideration is to recognize that conflict is inevitable. Therefore, it is vital that a strategy and structure that intends to leverage collaboration, team work, sharing of resources and decision making must have well-understood and consistent processes for conflict management.

Interpersonal Conflict/Team Conflict

All employees engaged in financial management services should be trained to understand how high-performing teams operate, and how to be successful as a member of a high-performing team. This training also should include various conflict management techniques, such as but not limited to Crucial Conversations.

Service Conflict/Complaints

Department directors and others receiving financial management services from other departments (e.g., SOI, Internal Audit, Finance Department) should consider these departments as a service vendor for these types of interactions (note: Some functions of these departments are regulatory/directive in nature and therefore require different approaches than the vendor/customer). This includes providing feedback when services meet and/or do not meet expectations. Feedback should be directed first to the designated service provider department contact or lead provider of services. In the case of unresolved complaints, feedback should be provided to the service provider department’s director. If complaints are not resolved in this manner, the customer should contact the general manager overseeing the Effective & Efficient Government Focus Area. A formal process for unresolved disputes that go beyond service complaints is described below. Examples of such disputes could include but are not limited to disagreements regarding resource allocation and deployment, application of policies and practices, application of standards, and recommended funding.

Dispute Resolution Protocol

The County’s policy and practice is to attempt to resolve disputes, disagreements and conflicts by mutual agreement of the involved parties. If and when this fails, the following protocol shall be followed:

Step 1: Negotiation between the parties. The service provider department and its customer will engage in an informal or formal negotiation, preferably between the service provider department’s director and the top executive of the customer (e.g., department director), or their respective designee. If either party believes negotiation cannot resolve the dispute, they may call for a neutral mediator (see step 2). Either party also may choose to proceed directly to step 3 (see step 3).

Step 2: Mediation. Either party in the dispute may call for a mediator. Both parties must agree on the person who serves as mediator. The parties can select any County employees as the mediator. However, the parties are advised to select someone with experience and training as a mediator and/or someone with decision-making authority at the management level. The decision of the mediator is not binding and either party can reject the mediator’s decision. If either party rejects the mediator’s decision, the dispute moves to step 3.

Step 3: Binding arbitration. Disputes that reach this step in the protocol are subject to final and binding arbitration. Arbitration will be conducted by the Executive Team member with primary accountability for financial management services within Mecklenburg County (currently the General Manager who chairs the Effective & Efficient Government Focus Area Leadership Team). The decision of the arbitrator will be final and binding on both parties.

| COMMUNICATION | | | |
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| Current State | In Mecklenburg County, communication is recognized as a key human process. Balanced Scorecard strategies encourage a seamless flow of information from supervisors to employees and maximizing the use of technology to make information easily accessible through self-service. These corporate strategies aim to create an atmosphere of transparency and an open exchange of dialogue across all levels of the organization. The practical application of these strategies sometimes creates the impression of corporate communication being impersonal and tech-driven, while arriving with little notice and without complete information. | | |
| Desired Future State | Communication associated with financial management functions/services is two-way, open, transparent, timely, thorough, and inclusive. Sharing information throughout the organization is a priority. Communication is done through defined processes (e.g. memorandum, policy documents, and standing meetings) as well as informal methods (emails, conversations). Open communication is considered by the organization as a critical ingredient in building and maintaining trust and employee participation in decision making. | | |
| Key Actions | <table border="1"> <tr> <td>Initiated by July 2010; completed by September 2010 1. Those involved in financial management functions should establish a set of ground rules for communicating with each other (this should be facilitated, perhaps by Organizational Development (OD) staff).</td> <td>Bullet 1: Executive Sponsor: General Manager Project Lead: Organizational Development staff Key Participants: Finance, SOI, departments</td> </tr> </table> | Initiated by July 2010; completed by September 2010 1. Those involved in financial management functions should establish a set of ground rules for communicating with each other (this should be facilitated, perhaps by Organizational Development (OD) staff). | Bullet 1: Executive Sponsor: General Manager Project Lead: Organizational Development staff Key Participants: Finance, SOI, departments |
| Initiated by July 2010; completed by September 2010 1. Those involved in financial management functions should establish a set of ground rules for communicating with each other (this should be facilitated, perhaps by Organizational Development (OD) staff). | Bullet 1: Executive Sponsor: General Manager Project Lead: Organizational Development staff Key Participants: Finance, SOI, departments | | |

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| | <p>Implemented by July 2010, or sooner if possible</p> <p>2. Formal/intentional communication processes should be established (e.g., quarterly meetings and other ongoing methods to share relevant information about financial management functions/services...which also could include discussing ways to improve communications).</p> | <p>Bullet 2: Executive Sponsor: General Manager Project Leads: SOI; Finance Department Key Participants: Financial/business management staff in all departments</p> |
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| <u>RECRUITING AND HIRING</u> | | | |
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| Current State | <p>Recruiting and hiring staff within financial management services varies by department, due to the decentralized approach and structure the County has. Sometimes, this results in inefficiencies that could be addressed to improve the process. Although recruiting and hiring is done consistent with the County's Human Resources Policy and Procedures, outcomes can vary as well.</p> | | |
| Desired Future State | <p>Recruiting and hiring of financial management staff is conducted efficiently and consistently throughout the organization, resulting in similar outcomes (i.e., qualified, diverse employees) in each department.</p> | | |
| Key Actions | <table border="1"> <tr> <td data-bbox="403 776 1323 1205"> <p>Initiated by July 2010; Implemented by September 2010</p> <ul style="list-style-type: none"> Establish/ensure consistency in job classifications for financial management positions throughout the organization. Clarify recruiting and hiring standards and steps for filling financial management services vacancies. <p>Implemented by July 2010</p> <ul style="list-style-type: none"> Involve senior financial management staff from other departments in the recruitment and hiring process, especially involving Finance Department staff in filling senior financial management positions and SOI staff in filling management analyst positions. </td> <td data-bbox="1323 776 1879 1205"> <p>Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: all departments</p> </td> </tr> </table> | <p>Initiated by July 2010; Implemented by September 2010</p> <ul style="list-style-type: none"> Establish/ensure consistency in job classifications for financial management positions throughout the organization. Clarify recruiting and hiring standards and steps for filling financial management services vacancies. <p>Implemented by July 2010</p> <ul style="list-style-type: none"> Involve senior financial management staff from other departments in the recruitment and hiring process, especially involving Finance Department staff in filling senior financial management positions and SOI staff in filling management analyst positions. | <p>Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: all departments</p> |
| <p>Initiated by July 2010; Implemented by September 2010</p> <ul style="list-style-type: none"> Establish/ensure consistency in job classifications for financial management positions throughout the organization. Clarify recruiting and hiring standards and steps for filling financial management services vacancies. <p>Implemented by July 2010</p> <ul style="list-style-type: none"> Involve senior financial management staff from other departments in the recruitment and hiring process, especially involving Finance Department staff in filling senior financial management positions and SOI staff in filling management analyst positions. | <p>Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: all departments</p> | | |

| <u>EMPLOYEE DEVELOPMENT</u> | |
|------------------------------------|---|
| Current State | Employee development for financial management staff is handled by individual departments. The scope and type of development or training varies based on the size of the department, the number of financial management positions, the department’s business needs, and the availability of resources, such as funds to pay for development and training, and staff coverage to allow for time away from the business needs. Several departments do a good job with employee development and the result is smart, talented, enthusiastic and well-trained people. However, there is not a corporate-wide consistent curriculum that outlines the type of development needed for an individual position or job type. Therefore, some employees with the same job title and responsibilities do not have the same development opportunities. |
| Desired Future State | Mecklenburg County employee development for financial management staff is guided by organizational core competencies and other performance standards. This includes consistent training curriculum for each position or job description. Individual Development Plans (IDPs) are established jointly by managers/supervisors and staff to identify development opportunities and actions that are intended to advance knowledge, skills and abilities as well as to enhance career opportunities and advancement for staff. Training and development is budgeted in a consistent manner throughout the organization. Financial managers serve as mentors for staff regardless of department affiliation. |
| Key Actions | <p>Completed by November 2011</p> <ul style="list-style-type: none"> • Identify core competencies for financial management positions • Establish training curriculum consistent with these core competencies • Establish IDPs for each employee • Establish training and development budgeting methodology and implement across departments • Establish mentoring guidelines and guide; provide mentoring training as part of financial manager training curriculum |
| | <p>Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: all departments</p> |

| <u>RECOGNITION AND REWARDS</u> | |
|---------------------------------------|--|
| Current State | Recognition and rewards associated with financial management services employees range from non-existent to minimal. In addition, the recognition and rewards are provided inequitably and are not done timely enough to have the intended impact. It is likely that some of the challenge with providing rewards and recognition is due to misunderstandings about what constitutes appropriate rewards and recognition. Additionally, an identified challenge is the availability of funding for monetary rewards, including but not limited to merit increases. |
| Desired Future State | Mecklenburg County understands and values providing timely and equitable recognition and rewards for employee performance. Recognition is usually a non-monetary acknowledgement of successful and/or exemplary performance. Recognition is provided regularly to both individuals and teams based on performance. Recognition is done in many ways ranging from saying “Thank you” to receiving awards and more. Recognition is done in consideration of what is most meaningful to the employee and the team. Recognition also is done close to the event for which the recognition is being made, to provide timely feedback. Because recognition can have a cost to the County, recognition tactics are planned and budgeted for as appropriate. Mecklenburg County defines rewards as monetary proceeds provided as either regular compensation (e.g., market pay) or cash awards. Regular compensation is provided based on the County’s philosophy of market pay for market performance. This includes pay-for-performance that includes opportunities to provide increases in regular compensation based on annual performance. Cash awards are provided for performance above market performance outside of the annual performance evaluation process, usually for project-specific accomplishments that constitute extraordinary performance. Cash awards are provided close to the event for which the reward is being provided. Rewards and recognition are done together as warranted and appropriate. Cash awards are provided within budgeted funds. Similar to the approach for recognition, cash awards are oriented primarily to team performance. However, individual performance that significantly influences team performance is considered for rewards as well. |
| Key Actions | <p>Implemented by July 2011</p> <ul style="list-style-type: none"> Establish and/or reinforce policy and/or guidance for departments on recognizing and rewarding employees, consistent with appropriated funds. <p>Executive Sponsor: General Manager Project Lead: Human Resources Key Participants: all departments</p> |

FINANCIAL MANAGEMENT KEY ACTIONS TIMELINE

| Areas of Emphasis | Project Lead | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Jan-11-Jan-12 |
|---|----------------------------|---------------------------------|--------|--------------------|---------------------|--------------------------|----------------------|--------------------------|---------------------|-------------------------|---|--|
| STRATEGY | SOI Leadership | | | | | Initiated July 2010 | | | | Completed Nov 2010 | | |
| STRUCTURE | Human Resources | | | | | Initiated July 2010 | | | Completed Oct 2010 | | | |
| STRUCTURE (financial services center) | Finance Department | | | | | Initiated July 2010 | | | | Completed Nov 2010 | | |
| CULTURE | Various | | | | | | | | | | | ONGOING |
| FISCAL CONTROL | | | | | | | | | | | | |
| Bullets 1-5 | Finance Department | | | | | Initiated July 2010 | | | | Completed Nov 2010 | | |
| Bullet 6 | Internal Audit | IMPLEMENTED MARCH 2010 | | | | | | | | | | |
| Bullet 7 | Internal Audit & Finance | IMPLEMENTED APRIL 2010 | | | | | | | | | | |
| Bullet 8 | Finance Department | | | | | | Implemented Aug 2010 | | | | | |
| PLANNING | SOI Leadership | | | | | Initiated July 2010 | | | Completion Oct 2010 | | | |
| Capital Planning/Budgeting Project | SOI Leadership | Initiated Nov 2009 | | | | | Completed Aug 2010 | | | | | |
| Capital Reserve & Fleet Reserve Project | SOI Leadership | | | | | Initiated July 2010 | | Completed Sept 2010 | | | | |
| BUDGETING | SOI Leadership | | | | | | | | Initiated Oct 2010 | | | Completed Jan 2011 |
| RISK MANAGEMENT | County Manager's Office | | | | | | | | Completed Oct 2010 | | | |
| PROCUREMENT | Finance Department | | | Completed May 2010 | | | | | | | | |
| CONTRACT ADMINISTRATION | SOI Leadership/Finance | | | | Completed June 2010 | | | | | | | |
| ACCOUNTING | Finance Department | BPM Report completed March 2010 | | | | | | | | | A/P, Revenue Recording project completed Dec 2010 | |
| ACCOUNTING (bond/capital) | Finance Department | | | | | Initiated July 2010 | | | | | Completion Dec 2010 | |
| FISCAL DATA MGT (Automation) | | | | | | | | | | | | |
| Bullet 1 | IST & Finance | | | | | | | Initiated Sept 2010 | | | Completion Dec 2010 | |
| Bullet 2 | Human Resources | | | | | | | | | | | Initiated Jan 2011; Completed June 2011 |
| PAYROLL | County Manager's Office | No Action Needed | | | | | | | | | | |
| GRANTS ADMIN | County Manager's Office | | | | | | | | | | | Initiated by July 2011; Completed Jan 2012 |
| GRANTS ACCOUNTING | Finance Department | | | | | Initiated July 2010 | | | | | Completion Dec 2010 | |
| LEADERSHIP & ACCOUNTABILITY | Human Resources | | | | | | | | Initiated Oct 2010 | | | Completed Jan 2011 |
| DECISION MAKING | Human Resources | | | | | | | | Initiated Oct 2010 | | | Completed Jan 2011 |
| COMMUNICATION | | | | | | | | | | | | |
| Bullet 1 | Organizational Development | | | | | | | Implemented by Sept 2010 | | | | |
| Bullet 2 | SOI & Finance | | | | | IMPLEMENTED JULY 2010 | | | | | | |
| RECRUITING & HIRING | Human Resources | | | | | Initiated July 2010 | | | | Implemented Nov 2010 | | |
| EMPLOYEE DEVELOPMENT | Human Resources | | | | | | | | | Implemented by Nov 2010 | | |
| CONFLICT MANAGEMENT | Human Resources | | | | | | | Completed by Oct 2010 | | | | |
| EMPLOYEE RECOGNITION & REWARDS | Human Resources | | | | | IMPLEMENTED BY JULY 2011 | | | | | | |

KEY BUSINESS FUNCTIONS

KEY HUMAN PROCESSES

| |
|----------------------------|
| Project Lead Legend |
| Finance |
| SOI |
| Human Resources |
| County Manager's Office |
| IST |
| Audit |
| Organizational Development |
| Various |

Project Process for Financial Management Services Assessment

Scope

Assess all enterprise and department financial management services/activities within the Financial Management/Fiscal Control Program Category, with the goal of ensuring that fiscal services are provided in the most efficient and effective manner.

Background Objective

The County's current financial management structure is highly decentralized. There are 33 services in the Financial Management and Fiscal Control Program Category totaling \$48 million in expenses with approximately 500 FTEs. Therefore, one out of ten employees has some financial management activity as their primary responsibility within the organization. These activities, at the enterprise and department levels, are varied in scope and function, and involved with different levels of management control. However, all County departments and agencies are subject to and accountable for adherence to the County's financial management policies and procedures, which are administered by the County Finance Department.

Project Objective

The overall objective of this project is to ensure that Mecklenburg County is effective and efficient in financial management/fiscal control. Therefore, the project will review and assess the status quo and recommend any changes necessary to improve the effectiveness and efficiency of these services.

Project Process Overview

The project will focus on four areas: Goals and Strategy; Organizational/Reporting Structure, Business and Human Processes; and Human Resources. Within each area, the assessment and analysis will address key questions to determine current and desired state, any gaps between these two states, and recommended changes to move from the current to desired state.

1. Goals and Strategies
 - a. What are our financial management desired goals and existing business strategies to achieve these goals?
2. Are these goals and strategies appropriate; what changes are needed, if any?
Organizational Structure and Reporting
 - a. What organizational structure and reporting is needed to support our desired goals and strategies?
 - b. What changes, if any, are needed in structure and reporting?
3. Business and Human Processes
 - a. Do we have consistent business and/or human processes throughout the organization, especially fiscal controls?
 - b. What business and/or human processes changes are needed, if any, to ensure appropriate compliance with financial management policies and procedures, while still enabling efficient operations?
4. Human Resources
 - a. What is the most appropriate staffing model to support the quantity of work required, based on the assessment and analysis of the questions above?
 - b. What employee knowledge, skills and abilities (KSAs) are needed at each level to fulfill the work requirements?
 - c. What changes, if any, are needed to have the appropriate staffing model and requisite employee KSAs?

Executive Sponsor: The County's Executive Team will serve as the executive sponsor of the project and serve as the final decision maker regarding the project process and any recommendations.

Management Sponsor: The Effective & Efficient Government Team (EEG FALT), under the direction of its chair, will serve as the project's management sponsor. In this role, the EEG FALT chair will convene the project steering committee

chair/co-chairs; the EEG FALT will appoint the remaining project steering committee members. The EEG FALT will provide direction to the steering committee consistent with this project description and receive the steering committee's assessment and recommendations. The EEG FALT will provide its final recommendations to the Executive Team.

Steering Committee: The steering committee will comprise key internal stakeholders such as department directors, business managers, financial managers and other staff as needed. The steering committee membership should include staff from the Finance Department, Human Resources Department and the Office of Strategic Organizational Improvement. The steering committee may seek additional input and participation from others within the organization as needed. The following highlights the key phases of the project process.

Phase 1 – Design

The goal of the design phase is to develop a project plan and timeline that describes the key steps and deliverables for this process. This design (or design draft) may be developed in advance of convening the steering committee to facilitate efficiency; however, the steering committee should review and adopt a project plan with the concurrence of the EEG FALT.

Phase 2 – Discovery

The tasks for this phase involve gathering, reviewing, and sharing pertinent data and information. This could include but may not be limited to the following:

- Community & Corporate Scorecard and/or department scorecard performance results
- Program Review findings and recommendations
- Mecklenburg County's financial management policies and procedures
- Current structures and reporting
- Job descriptions and qualifications
- Recruitment and hiring processes and practices
- Accepted best practices (internally and externally)
- Prospective best practices
- Current funding and other resource allocations
- Funding and other resources

Phase 3 - Deliberation

This phase will involve analysis and discussion about pertinent data and information, as well as analysis about the current and desired future state, gaps between these states, and changes that may be needed to move from current to future desired state. Key tools that could be used in this phase include but may not be limited to:

- SWOT Analysis
- Root Cause Analysis
- Five Whys
- Gap Chart
- Affinity Diagram

The deliberation phase also will include developing priorities and potential options regarding:

- Goals and Strategies
- Structure and Reporting
- Business and Human Processes
- Human Resources

Phase 4 – Decisions

This phase involves developing recommendations using the following format:

- **Desired Result** - create a desired result(s) with quantifiable measures that properly monitors the performance of the County's financial management and fiscal control services.
- **Business Strategy** – create a business strategy that defines how the proposed financial and fiscal control services should be managed and delivered to achieve its goal(s).

- **Structure** – this element of the recommendations will determine if the current decentralized fiscal structure is appropriate. If not, a business model will be developed that supports the refined strategy and serves as a system that is aligned to financial best practices.
- **Processes** – There are three key process areas to address:
 - **Key Business Process** – Identify business activities and processes that will ensure successful service delivery. Eliminate elements of the existing process that do not contribute to proper financial management and impede progress towards achieving the desired result(s). Technology and other relevant support required to successfully implement the recommendations will be identified.
 - **Key Human Processes** – Identify and outline elements of how people involved in financial management/fiscal control will interact with each other in the desired state using the following elements of interaction: Leadership and Accountability; Planning and Budgeting; Decision-Making; Communication (i.e., employee access to information to do their jobs); Employee Training and Development; Conflict Management; Employee Recognition and Rewards
 - **Business Process Mapping** – Document the key elements of the financial management process and fiscal controls to ensure all stakeholders are properly providing services.
- **Culture** – consider the current culture that supports the existing behaviors as it relates to financial management and fiscal controls. Ensure that recommendations are aligned to achieving the desired result and enhancing financial controls.
- **Human Resource Requirements** – Identify the key competencies needed for employees to be successful in the desired state

Phase 5 – Do It

This phase involves identifying key elements or key considerations for a plan to implement recommendations, if approved. As part of providing its recommendations, the steering committee should consider and provide general recommendations regarding implementation. This can be in the form of an outline of key steps and a proposed timeline. A detailed implementation plan would be developed based on the decision of the Executive Team.

Other Key Project Process Elements:

Communication Plan

The steering committee should collaborate with the County’s PSI Department to develop communication strategies and tactics that adequately informs all stakeholders about the financial management and fiscal control assessment. The communication plan will also serve as a vehicle to address any concerns and respond to questions submitted by individuals who may be impacted by the results of the assessment.

Assessment

The steering committee should identify the key success factors that should be evaluated six months and one year from the date of implementation. The purpose of this assessment will be to evaluate the initial results of the recommendations, particularly to determine if there are any areas that require attention or follow up. Ongoing assessment would be performed as part of the normal management of service delivery and performance evaluation.

Timeframe

This project will be conducted and completed prior to the start of Fiscal Year 2011. The intent of this timeframe is to complete the analysis and recommendations in time to address potential changes that impact the FY2011 budget. Therefore, there will be adequate time for organizational and executive review to occur prior to the development of the recommended budget.

Financial Management Services Assessment Steering Committee

John McGillicuddy, chair (County Manager's Office)

LaCinda Benson (Social Services)

Julie Daughety (Area Mental Health)

Dena Diorio (Finance)

Jim Garges (Park & Recreation)

Mark Hahn (Real Estate Services)

Stacy Lowry (Community Support Services)

Ruth McNeil (Land Use & Environmental Services)

Chris Peek (Human Resources)

Jerry Pinkard (Information Services & Technology)

Rachel Vanhoy (Sheriff's Office)

Hyong Yi (Office of Strategic Organizational Improvement)

Work Group

Erica Flowers (Human Resources)

Blake Hart (Office of Strategic Organizational Improvement)

Carol Hickey (Office of Strategic Organizational Improvement)

Suzanne Jeffries (Public Service & Information)

Timothy Tibbs (County Manager's Office)

Financial Management Services Assessment SWOT Analysis

| STRENGTHS | WEAKNESSES |
|--|--|
| <ul style="list-style-type: none"> • Experienced, professional staff with varying backgrounds who are subject matter experts • Adequate staffing levels and opportunities for staff development • Relationships with professional organizations and networks across the state • Commitment to do the right thing, improve and be good stewards of tax dollars • Commitment to accuracy, resourcefulness, transparency and efficiency • Good automation and corporate processes, policies and procedures • Good customer service • Cost control and containment; cost accounting methodologies • Balanced Scorecard process and county performance standards • Financial staff included in department management decisions • Manage County dollars well • Clear priorities and expectations within departments • Involvement of stakeholders and openness to new ideas • Award-winning budget and financial reporting • Decentralized approach | <ul style="list-style-type: none"> • Poor communication processes, lack of clarity and awareness between corporate and depts • Bureaucracy and knee-jerk reactions • Lack of consistent processes and oversight of implementation • Broad policies with room for interpretation • Lack of redundancy and adequate coverage for certain positions • City’s accountability for procurement/contracting • Need for accountability in reporting relationships • Lack of oversight of small departments • Insufficient internal audit functions • View that questions equal complaints • Bottleneck in contracting process • Automation, cost accounting, indirect cost allocation plan • Balanced Scorecard focus on County dollars • Unclear roles of management analysts • Disparity between corporate and department • Lack of trust and low employee morale • Decentralized structure and process • Unintentional system that lacks flexibility • Information transfer between departments and Executive Team |
| OPPORTUNITIES | THREATS |
| <ul style="list-style-type: none"> • Potential for positive media attention • Mentoring relationships and formal networking • More training • Consistent on-boarding and job requirements • Hiring qualified staff • Become paperless and more web-driven • Expand transparency • Collaborate on problem-solving and HR needs • Allow learning without fear of retribution • Involve financial staff in major decisions • Leverage strong corporate financial networks • Define standards of excellence • Increase efficiency • Benchmark internally and externally • Standardize policies and procedures • Maximize investment in existing systems • Collaborate on purchase of new systems • To be the best local government service provider as it relates to financial management | <ul style="list-style-type: none"> • Economy • Negative media attention • Not understanding our weaknesses • Lack of review process of internal controls • Politics and board changes • The State’s budget problems • Compromised morals and ethics; competing priorities • Lack of judgment in handling County funds • Unclear accountability • Growing debt; lack of revenue • Culture that resists change • New regulations and legislation • Low employee morale; loss of good employees • Revaluation of property • Contract management • Indifference of City for joint services • Outsourcing |

STRENGTHS

- Varying backgrounds
- Commitment to do the right thing
- Subject matter experts (in financial management and/or in their dept. business)
- Decentralized approach
- Good automation – Business Objects/Advantage
- Policies and procedures
- Good customer service
- Commitment to accuracy
- Quality and professional staff
- Resourcefulness – good, legal creativity
- Transparency – willing to provide information and share when asked (policies, procedures, practices, etc.)
- Desire for efficiency
- Balanced Scorecard process – a consistent structure (**Surprised by this – struggled with Financial perspective performance measures other than invoice processing)
- Cost control and containment
- County performance standards (i.e. processing of invoices)
- Low turnover in fiscal positions
- Good corporate processes (i.e. budgeting, capital, invoices, etc.)
- Adequate staffing levels; doesn't get the sense that we can't get the work done with the staffing we have (**Surprised by this)
- Relationships with GFOA, IOG, etc. – reaching out to actively participate in professional development, best practices, access to outside networks, open to new ideas
- Staff development (**Surprised by this as a strength; may be a different perspective for those in smaller v. larger departments and/or corporate v. non-corporate)
- Cost accounting methodologies - County is aware of the cost of doing business and we try to reduce/contain costs, tracking for reimbursements, etc.
- Sheriff's Office – self assessment, self audits
- Award winning budget and financial reporting
- Priorities are clearly defined departmentally and there are clear expectations among staff
- Involve stakeholders and get a new perspective (partnerships with other associations, consumers, recipients of services, etc.)
- Commitment to being good stewards of taxpayer dollars
- Financial representatives in depts. are included in management decision making processes within the depts.
- Commitment to improvement
- Manage County dollars well

Observation

- Strengths seem to be around managing the books rather than revenue collections
- Commitment
- Only one person really talked about 'hard' skills
- One observation is that Mecklenburg does it better than any other local government worked at, except audit capacity
- Public perception because of recent audit publicity; public doesn't see what we do until there is a problem
- Strengths at very high level, well intentioned but how do we translate these into the day-to-day processes and skills; these strengths do not indicate how well we do on day-to-day business, etc.
- Ensuring training across all depts. is an opportunity

- Perception of what FIN thinks about departments, and what departments think about FIN; what do we do collectively to ensure trust between FIN and departments; are we having the right conversations? (weakness)
- Most of these observations are subjective and perceptions
- We could explore how to have better Financial measures to be indicators of if we're doing this stuff right
- It appears as though the standards are not the same across the County; we did not talk in specifics and it is unusual
- We should not look at the Balanced Scorecard as a true indication of how well we are doing financial mngt.
- We have good people who have good intentions, good set of policies and procedures, people out in depts. working hard, doing a good job relatively speaking compared to others, potential inconsistencies in implementation that isn't as strong as maybe our intentions are
- Doing this exercise for the FIN function in a specific department would look very different; have to keep this at a high level because it would otherwise be so dept. specific

WEAKNESSES

- Communication – inter-departmental; finance-dept; dept-dept (frequency, quality)
- No process for communication – who to talk to; access to information
- Lack of trust
- Decentralized process – both processes and org. structure
- Lack of consistency from a financial perspective ex. Invoice processing – we all do it differently
- Coverage – certain jobs create bottlenecks when only one person has job/expertise
- Lack of redundancy – lack of back-ups
- Single point of failure
- Employee morale – low
- Bureaucracy – added more layers and people into processes – “hoops” to jump through; questions from lots of people; too many cooks in the kitchen
- Knee-jerk reactions – manage to lowest common denominator
- Communicating why steps are added/necessary; what is the background
- Ex. Capital reserve process – clarity, rules, lots of people involved
- View that questions = complaints; how to implement process; ownership
- Lack of clarity (for multiple reasons)
- Insufficient documentation
- Differences between written process and implementation (can improve both)
- Over-reliance on email and need for different types of communication
- Overseeing process implementation
- Policies and procedures are broad and have room for interpretation ex. Travel regulations
- Change in management analysts – analysts may not know enough about department's business (particularly during budget season) to communicate accurately or effectively
- Clarifying roles of management analysts
- How information goes from departments to Executive Team
- Lack of watchdog for small departments “one-man show”
- Internal audit functions – insufficient oversight – business process review
- Need for accountability in reporting relationships
- Procurement and contracting when working with the city
- City's lack for responsiveness and accountability in procurement/contracting

- Improve contracting process and efficiency, timeliness (particularly with attorney and finance being a bottleneck)
- Avoiding processes that are inefficient, cumbersome (contracts)
- Cost-accounting, automation
- Lack of structure of indirect cost allocation plan
- Corporate County does better job managing County funds than non-County
- Focus of balanced scorecard on County dollars
- Difficult to change structure in the County – lack of flexibility
- Created two professional levels in financial world of Mecklenburg County – created a disparity between corporate and department levels
- Our system is unintentional, not designed
- Lack of awareness at the corporate level of the different County businesses and the specifics

Do we have weaknesses associated with internal controls?

- We don't know because we don't have review processes in place
- A lot of what we do is tradition – you don't know what you don't know
- Need standards that apply across Mecklenburg County – are business processes working?
- Directors are responsible for financial management of departments – what are the risks like lack of redundancy
- Do we have good risk management?
- Competing priorities and competing accountabilities between department and corporate

Do we have weaknesses associated with operating and capital budgeting?

- Park and Rec coordinates capital and operating budgets and looks at the impacts
- Can be a disconnect between capital and operating budget approvals
- We are doing a better job in making sure we have a capital budget plan
- Citizens Capital Budget Review Committee may not have enough information – how do we use that committee
- Need for consolidated, comprehensive plan
- What is the effect on debt service – a long-term impact on budget
- Need a good process to prioritize projects
- CMS is a “big dog” in capital budgeting process
- Lack of modeling system to show life of project and changes in costs
- Departments have tried to fund finishes through capital reserve process – sometimes put on back burner
- Need to budget for maintenance and upkeep of existing buildings

THREATS

- Economy
- News Media – focus on bad
- Not understanding our weaknesses – lack of review process in internal controls
- Politics
- Board changes
- The State’s budget problems
- Morals and ethics can become compromised – competing priorities
- Tendency to assume what you are doing is okay
- Mishandling of County funds – lack of judgment
- Unclear accountability
- Flexibility in judgment, decision-making
- System of controls
- Culture changes take a lot of work “Well, that’s the way we’ve always done it.”
- Growing debt
- New regulations – Sarbanes-Oxley impact on County business
- Loss of good employees
- Contracting out – outsourcing
- Contract management
- Indifference of the City for joint services – procurement, fleet (oil changes \$\$)
- Lack of revenue
- Revaluation of property
- Employee morale – having to do more with less; no merit increases
- Federal legislation – healthcare and cap and trade

OPPORTUNITIES

- Mentoring relationships with newer staff to leverage senior level staff
- Leverage recent media attention to our benefit
- Promote our strengths in the media; tell our stories
- Hiring qualified staff
- Maximize investment in existing systems
- More collaboration on systems we purchase across the organization
- Extend the financial system to become paperless
- Be more web driven in how we conduct our business
- Leverage networking methods (we have some SharePoint type technology for information sharing, lunch and learns); formal networking would be good
- Across the board set of policies and procedures that everyone is aware of and able to implement; leverage networking to learn how others are doing it and standardize the best processes
- Leverage existing systems; when we get new systems, we often don’t know the full capability and

don't think forward. We make the system do what we've already done, rather than improve our processes via technology

- Needs assessments of what we need technology to do for us; we adapt our world around a system
- Expand transparency; allow departments to come forward with mistakes upfront to work together to find the best solution
- Collaborative problem solving between departments and FIN without fear of retribution
- More training (hard skills, basic accounting)
- Be more creative than we've been in the past by collaborating
- Collaborate on the HR side with recruitment, organizational development, etc.
- Bring financial people into decisions being made that have a major financial impact to employees; sometimes we seek buy-in and sometimes we don't
- Increase efficiency (reviewing processes, utilizing technology more, etc.) Creative ways to do more with less
- More consistent classifications and job requirements
- Leverage our strong corporate financial networks we have in the community
- Define what the standards of excellence are; this is an opportunity to rethink how we do things
- More consistency in acclamation of new employees
- To be the best local government service provider as it relates to financial mngt.
- Benchmark internally (dept. to dept.) and externally

General Observations:

- Disconnect -- There are different perspectives about some aspects of our financial management "system."
- Process – There are opportunities to define and clarify (and perhaps develop) operational processes, particularly to identify who should be involved in the process(es).
- Implementation – We have policies and procedures; the challenge occurs in implementing them appropriately.
- Awareness – This is one aspect or desired outcome of improved communication, including internal and external communication.
- Opposing perspectives – Different perspectives can be used to develop innovation and positive change, or it can lead to conflict and dysfunction.
- Controls – At the enterprise level view, we are not really sure how our internal controls are being managed now
- Risk – Similar to "controls" above, how are we managing risks and what level of attention is being placed on this matter?
- Communication – This is one of the biggest areas where improvement is needed to help us operate more effectively and efficiently.
- Resources – We seem to have adequate resources overall but in some instances there is insufficient back up to ensure operations keep going regardless of vacations, sick, etc.
- Collaboration/Coordination – Collaboration and coordination exists but it is mostly anecdotal and not systemic throughout the organization. Therefore, a more intentional process and effort to ensure collaboration is needed.
- Consistency – Again, there are different perspectives on whether financial management services are being implemented consistently. Essentially, there is no consensus on this question.

- Organization – The most obvious “elephant in the room” is the question of structure and in particular the difference perspectives regarding whether our current structure is a strength and/or a weakness.
- Standards – We need clear standards for performance.
- Accountability -- Are roles and responsibilities clearly identified? Often times some roles are assumed over time.
- Automation – There is a significant opportunity to improve our automation and to use the current automation capacity we already have more fully. We should think more strategically and on an enterprise-wide basis in creating and deploying automation.
- Structure – We need to have more conversation around this. There are different opinions on what this may need to look like.
- Trust – Is there sufficient trust among those involved in financial management services? It appears that any lack of trust is tied to how people communicate and how roles and responsibilities are defined (or not defined). This is particularly true in terms of the relationships between the finance department and department finance staff. Trust is developed by building relationships; therefore it is sometimes more difficult to trust somebody you don’t know.
- Conformation -- Do people have information they are supposed to have to comply with policies, procedures and standards?
- Openness/Transparency – Generally, we operate in an open and transparent way but there also are opportunities to improve openness through better communication.
- Fear of the unknown – Sometimes we act or hesitate to act because we fear the unknown (e.g., politics, state budget).
- Diverse – We are a very diverse business with financial management being a common function throughout our diverse business units. Financial management also may be a smaller component of what we do; our primary responsibility is to provide the services/programs, etc.

Most Important Considerations:

- We have an “unintentional” system (some of it good and some of it messy). We have the opportunity to develop an “intentional” system for how we provide financial management services
- Better understanding of what the process is or should be
- Training: focusing on onboarding, etc.
- Communication
- Confidence in the system
- Resources for internal auditing to check on processes
- A support system for all those involved in financial management functions (i.e., knowing where to access information; who to call, mentoring, networking, etc.)
- Involvement – It is important for those who do the work to be involved in defining how we operate.

County Manager's Memoranda



MECKLENBURG COUNTY Office of the County Manager

MEMORANDUM

To: Department and Agency Directors
From: Harry L. Jones, Sr., County Manager
Date: July 20, 2009
Subject: Financial Management

A handwritten signature in black ink, appearing to read "Harry L. Jones, Sr.", is positioned to the right of the memorandum header.

I am writing to let you know my thoughts about the recent findings in the review of financial management in the Department of Social Services (DSS), how we have addressed these findings, and the implications for the organization.

Perhaps the best summary of the findings is contained in the Audit Review Committee's conclusions reported to the Board on July 7 (attached). In short, the audits and financial reviews conducted by the Internal Audit Department and by our external auditor, Cherry, Bekaert & Holland (CBH), found insufficient internal controls and supervision of those controls within DSS. Although the audits were focused on a relatively small portion of DSS, the findings are disturbing and unacceptable.

So far, both the Audit Review Committee and CBH have determined that our response to the findings is appropriate in strengthening these controls and the supervision of the controls. However, additional questions remain and work is underway to obtain answers to these questions.

The findings in DSS have generated questions about financial management practices throughout our organization. The most significant question is whether we have appropriate fiscal controls in place in other County departments and agencies, and whether we are adhering to these controls through supervision and approval processes. Questions also have arisen about whether financial management functions in departments should report to the County Finance Department to ensure consistent compliance to financial policies and procedures. Another important question involves the frequency of core audits and the resources available in our Internal Audit Department to ensure the optimal frequency of these audits.

These and other questions and concerns about our financial management have risen to the top of my priorities as county manager. Even prior to receiving the results of the audits in DSS, we had committed to evaluating our strategy, structure and business processes in providing financial management services throughout the organization. The urgency

of this evaluation has been accelerated by the audit findings. The details of how and when we will undertake this evaluation are in preliminary stages of development.

There also is an urgent need for each department/agency director to assess the financial management internal controls within their department/agency and the use and supervision of these controls. As the department/agency director, you are responsible and accountable for ensuring that fiscal controls are in place and that employees under your direction are following the County's financial policies and procedures.

To assist you in carrying out this responsibility, the Internal Audit Department (IA) is developing a self-assessment tool you can use to gauge and monitor fiscal controls within your department/agency. More information about the self-assessment tool, along with details of when and how it should be used will be provided at the department director breakfast on August 13. Please make sure your department/agency financial administrator attends this meeting.

I continue to believe County employees intend to behave ethically in their work duties. However, in light of recent findings, ethical behavior cannot be taken for granted. We must demonstrate this behavior to retain and rebuild public confidence in our stewardship of public funds. This is our responsibility as leaders of the organization and the responsibility of every Mecklenburg County employee.

The investigation into The Giving Tree function in DSS was the direct result of an employee reporting their concerns to DSS management. The willingness of the DSS employee to communicate their concerns to management demonstrates a level of trust in the department that should be cultivated and sustained throughout our organization. This begins with you communicating and reinforcing this expectation with your supervisors and managers, since they are the first line of communication for staff in reporting organizational concerns.

To supplement the reporting protocols already in place, we will be implementing an employee report line later this calendar year. Over the past several months, the Internal Audit Department and the County Manager's Office have been developing this report line as another option employees can use to raise questions and concerns specifically related to financial management in Mecklenburg County government. More information about plans for the report line also will be discussed at the department director breakfast.

Finally, I recognize that much of the information the public and our employees have received on this matter has occurred through news media reports. However, we are not satisfied that these reports have provided sufficient details to fully inform the public and our employees. Therefore, we are placing more emphasis on disseminating comprehensive details about the audits and our response to the findings via web tools (www.MecklenburgCountyNC.Gov and Meckweb), as well as other methods including this memorandum. However, if you have questions about this matter, please let me know.

cc: Executive team



MECKLENBURG COUNTY
Office of the County Manager

MEMORANDUM

To: Department/Agency Directors
Financial Management Assessment Steering Committee

From: Harry L. Jones, Sr., County Manager

Date: February 12, 2010

Subject: Thinking Differently

A handwritten signature in black ink, appearing to read "Harry L. Jones, Sr.", is positioned to the right of the memorandum header.

I am writing to provide additional direction regarding the Financial Management Services Assessment currently underway. The context of this additional direction is that we must think differently to address our new reality.

First, I want to acknowledge the very challenging and productive work that has been done so far by the Financial Management Assessment Steering Committee. This group of leaders has spent many hours discussing difficult topics and their efforts are greatly appreciated. I have been briefed on the Committee's progress and I am pleased that the Committee was able to achieve consensus on many points and is poised to identify its recommendations.

As part of finalizing its recommendations, I am directing the Committee to identify areas or functions of our financial management services that should be managed corporately. As mentioned above, this direction stems from our need to challenge our status quo and think differently. As this tenet relates to financial management services, we must find new ways of operating that improve the effectiveness and efficiency of these services, particularly in fiscal control and stewardship of public funds.

Although I am challenging the Steering Committee on this particular topic, it is simply the same challenge I have placed before all department/agency directors to discard their status quo. It is absolutely vital that we recognize that the past is not going to return any time soon. The situation has changed and no amount of hoping and wishing is going to bring back the past. Today's circumstances represent the new "normal" for Mecklenburg County. As a result, we must redesign our business operations and our organization accordingly. It is not sufficient to simply delay, fine tune or tinker. Instead, we must adapt, create, eliminate, restructure, redesign and transform.

It begins here and now, starting with financial management services. I look forward to the results.

cc: Executive Team

**Financial Management Services Assessment Steering Committee
Meeting Agenda and Meeting Summaries**

Agenda
Financial Management Services Assessment
Steering Committee
10/30/09
9 a.m. – 11 a.m. CH14/CMGC

- I. Welcome and Introductions
- II. Background/Charge
- III. Project Process and Timetable
- IV. Rules of Engagement
- V. Establish Meeting Schedule

**Financial Management Services Assessment
Steering Committee
10/30/09
9 a.m. – 11 a.m. CH14/CMGC
Meeting Summary**

Welcome and Introductions

Background/Charge

The Steering Committee reviewed and discussed the background and charge for the Steering Committees. It was noted that the Steering Committee will address two key questions:

- What, if any, opportunities exist to achieve cost savings within this broad program category of Financial Management?
- What, if any, changes are needed in organizational structure and reporting to enhance fiscal control?

Project Process and Timetable

The Steering Committee discussed the assessment process and tentative timetable for concluding prior to the establishment of next fiscal year's recommended budget. It was noted that this is a very aggressive timetable. Therefore, the Steering Committee acknowledged that it may need to revise expectations for completion as the project evolves.

The Steering Committee approved a set of “Rules of Engagement” that will be used by the group in managing its interactions and decision making throughout the process. Members who were not present will be contacted by the Committee chair to determine if they also concur with the Rules of Engagement.

Establish Meeting Schedule

Dates and locations for meetings through December have been provided as follows:

- November 6, 2009, 9:00 am-11am, HR Employee Learning Center
- November 20, 2009, 9:00am-11:00am, Rm 266, CMGC
- December 4, 2009, 9:00am-11:00am, CH-14, CMGC
- December 18, 2009, 9:00am-11:00am, Ch-14, CMGC

Additional dates and locations for meeting for future meetings will be forthcoming.

Meeting Outcomes:

- A SharePoint site used by the Steering Committee will be made available to department directors and department fiscal staff. This will allow access to the Committee’s agenda, meeting summaries and other documents. The site also will provide Frequently Asked Questions (FAQs) and responses, as well as an ongoing opportunity for staff to submit questions and/or comments. The Steering Committee asked the chair to communicate this information to department/agency directors and to request the directors to submit names of those needing access to Assistant to the County Manager Timothy Tibbs, so they can be provided rights to access this site.
- Also as part of the communication to department/agency directors, the Steering Committee is asking that departments hold off on reorganizations, reclassifications and/or other changes to their department/agency financial management resources until this assessment is completed. This will allow the Steering Committee to conduct as accurate a review as possible. However, if there is an absolutely compelling need to make changes prior to the completion of the assessment, directors could submit the proposed change to the County’s executive team for review and decision.

Agenda
Financial Management Services Assessment
Steering Committee
11/6/09
Human Resources Employee Training Center
700 East Fourth Street (former Criminal Courts Building)
9 a.m. – 11 a.m.

- I. Welcome
- II. Review Meeting Summary
- III. Communication Update
- IV. Determining Scope of Deliberation Phase
- V. Meeting Schedule/Location Update

**Financial Management Services Assessment
Steering Committee
11/06/09
9 a.m. – 11 a.m. HR Employee Training Ctr.
Meeting Summary**

Welcome

Review Meeting Summary

Communication Update

The Steering Committee was reminded to refer any questions concerning the content of the share point site or in general to Timmothy Tibbs. These questions along with responses will be included in the Q&A section of the site.

Determining Scope of Deliberation Phase

The Steering Committee completed an exercise to identify items that were in scope and out of scope for this project. (See attached).

Meeting Schedule/Location Update

- November 20, 2009, 9:00am-11:00am, 4th Floor Conference Rm, CMGC

The Steering Committee decided to schedule an additional meeting date on January 8, in lieu of the January 1 holiday. That location will be announced at a later date.

Agenda
Financial Management Services Assessment
Steering Committee
11/20/09
4th Floor Conference Room, CMGC
9 a.m. – 11 a.m.

- I. Welcome/Introductions
- II. Review Meeting Summary
- III. Fiscal Management Services Discussion
- IV. Announcements/Next Meeting

**Meeting Summary: Friday, 11-20-09
Mecklenburg County
Financial Management Assessment Services Steering Committee
9 a.m. to 11 a.m.
Charlotte-Mecklenburg Government Center, 4th Floor Conference Room**

Background: The FMSA Steering Committee is in the Discovery Phase of the project process, gathering information for the Financial Management Services Assessment. The project goal is to review and assess

enterprise and department financial management services and activities within the Financial Management/Fiscal Control Program Category.

The objective is to recommend any changes necessary to improve the effectiveness and efficiency of these services.

The Meeting: Members of the FMSA Steering Committee met on Nov. 20, 2009, with a representative group of senior financial administrators, business managers, financial analysts and other department staff to discuss financial management operations throughout the County.

Steering Committee chair John McGillicuddy opened the meeting and talked about the purpose. He encouraged information sharing, questions and comments to help the group understand the various department operations and to explore a big picture view of the major financial management functions to determine:

- what is the same,
- what is different,
- what is consistent, and
- what is unique

Meeting participants discussed how financial management functions and services operated within their department. This discussion ranged from reviewing organizational charts, how departments interact with the County's Finance Department, education and other background for financial management staff and leadership, reporting structures and decision making, staff training, and compliance oversight.

Following nearly 2.5 hours of discussion, meeting participants offered the following observations about the County's financial management operations.

- The County is made up of several mini-businesses that have similarities and differences, including different financial management requirements that go beyond the County's requirements (e.g., state requirements, accreditation requirements).
- The County's highly decentralized approach to financial management allows departments to provide financial management services that accommodate different business needs and requirements.
- There are various financial management organizational structures and reporting within the departments, which also vary in size and complexity of functions.
- There is insufficient quantity and quality of internal audit services. This includes lack of annual audits within departments (frequency), lack of timely reporting of audit findings (quality), lack of clarity on how to implement audit recommendations (quality) and/or resources available to implement the audit recommendations (quality). There also is a lack of (or lack of access to) information regarding audit standards that are expected to be met.
- Mecklenburg County enjoys qualified, and dedicated financial managers that have, in some cases, individually developed financial management functions and operations within the department based on their own experience and/or acumen rather than necessarily on a designed approach specific to Mecklenburg County. These managers care about doing the right thing and doing things right.
- Mecklenburg County has financial management policies and procedures (recently updated). However, not all participants were aware of these and how to access these.
- There is a lack of (or lack of clear access to) support resources (e.g., Finance 101) for department staff to be acclimated and/or trained in the "Mecklenburg Way" of financial management. This is particularly true for smaller departments where there is limited number (sometimes one person) staff handling many financial management/business management functions for the department.
- There is an informal network of support and advice among financial management staff but there is little in the way of formal support/network.
- In smaller departments, financial management/control functions are one of many aspects of one person's job responsibilities.
- Financial managers take pride in doing a job well and want to receive feedback that helps them improve.

- The County does not have a specific recruitment, hiring, evaluation, training/development process for financial managers and/or financial management staff. Therefore, these tasks are done in a highly decentralized way with no specific or consistent process throughout the organization.
- The County’s culture in terms of financial management often operates often in a “gotcha” fashion rather than a resource/support methodology. As a result, there is little proactive assistance provided or offered to ensure or enhance financial management operations throughout the organization. Instead, the departments improve through their own initiative and/or when problems are identified as requiring urgent fixes.
- The County operates its financial management functions and operations using a variety of software that do not integrate with the County’s overall financial system (Advantage).

The members expressed appreciation for the meeting and opportunity for discussion. The next meeting on Dec. 4, will involve the same group participating in a SWOT activity.

FMSA Steering Committee

John McGillicuddy, Chair (Mgrs Office)

Dena Diorio (Finance)

Hyong Yi (SOI) **Absent on 11/20*

Chris Peek (HR)

Stacy Lowry (CSS)

Rachel Vanhoy (Sheriff’s Office)

Ruth McNeil (LUESA)

LaCinda Benson (DSS)

Julie Daughety (AMH)

Jerry Pinkard (IST)

Jim Garges (Park and Recreation) **Absent on 11/20*

Mark Hahn (Real Estate Services)

Financial Management Participants

Marlene Tillery (CSS)

Peggy McCoy (ME)

Wanda Reeves (Finance)

Kim Brown (TAX)

Erica Nesbitt (IST)

JC Morales (Park & Rec)

Mario Chang (Park & Rec)

Shyry Greene (Finance)

Gail Murchison (Finance)

Joel Riddle (HR)

Rebecca Herbert (Real Estate Services)

Michael Bryant (SOI)

Susan Uzzell (Health)

Becky Carter (PSI)

Carol Williams (Register of Deeds)

Brian Cox (SOI)

FMSA Work Group

Erica Flowers (HR)

Blake Hart (SOI)

Carol Hickey (SOI)
Suzanne Jeffries (PSI)
Timothy Tibbs (Manager's Office) *Absent on 11/20

Agenda
Financial Management Services Assessment
Steering Committee
12/4/09
W m. R. DAVIE CONFERENCE CENTER
4635 Pineville-Matthews Road
8:30 a.m. – 12:00 noon

- I. Continental Breakfast – (8 – 8:30 a.m.)
 - II. Welcome
 - III. Review 11/20/09 Meeting Summary
 - IV. SWOT Exercise
 - V. Announcements/Next Meeting
- *Summary of SWOT Exercise Attached to Final Report*

Agenda
Financial Management Services Assessment
Steering Committee
12/18/09
Ch-14 (basement), CMGC
8:30 a.m. – 11:30 a.m.

- I. Welcome
- II. Observations on SWOT Exercise
- III. Meeting Process Plan and Timetable
- IV. Review/Describe Current Financial Management Strategy
- V. Review/Describe Current Financial Management Structure
- VI. Announcements/Next Meeting

Meeting Summary: Friday, 12-18-09
Mecklenburg County
Financial Management Assessment Services Steering Committee
8:30 a.m. to 11:30 a.m.
Charlotte-Mecklenburg Government Center, Room CH-14

Background: The FMSA Steering Committee is in the Deliberation Phase of the project process, which involves analysis and discussion about pertinent data and information, the current and desired future state, gaps between these states, and changes that may be needed to move from current to future desired state. This third phase of the assessment project process also includes developing priorities and potential options regarding:

- Goals and Strategies
- Structure and Reporting

- Business and Human Processes
- Human Resources

The Meeting: Members of the FMSA Steering Committee met on Dec. 18, 2009, to brainstorm about the County's financial management strategy and the structure.

Steering Committee chair John McGillicuddy opened the meeting and reviewed the results of the SWOT Analysis completed at the last meeting. He described the brainstorming activity for the morning and set the parameters.

Meeting participants wrote a single word on various colored paper to describe the current strategy, then taped the sheet to a central wall. Each member repeated the exercise to include as many words as desired. Next, the committee grouped the words into themes. From the word groups, the committee began to formulate a statement about strategy. The group completed the same exercise for structure. The FMSA Work Group compiled all of the word groupings to later produce a draft strategy statement and a draft structure statement for the FMSA Steering Committee's review at its next meeting.

Here is the list of words (grouped by theme) for **strategy**:

- Measured/murky measures
- Conservative/targets stability
- Decentralized
- Balance (walking tightrope)
- Targeted/deliberate/focused/consistent
- Resourceful/efficient/progressive
- Service/responsive/accessible
- Well-meaning/well-intentioned
- Accurate/quality/knowledgeable
- Unintentional
- High profile
- Inertia/reactive
- Accountability/accountable/responsible/compliant
- High level
- Detailed/controlled/methodical

Following is the strategy draft statement created by the Work Group:

Strategy: Mecklenburg County's financial management strategies are focused on achieving corporate (organizational) goals for sound stewardship of public funds. These corporate strategies strive to ensure compliance with financial management policies and fiscal controls, while providing appropriate flexibility for departments to manage budgets and other public resources to address customer service needs. This flexibility enables departments to seek progressive and more efficient ways to implement the organization's financial management strategies.

Here is the list of words (grouped by theme) for **structure**: (*Note: the word "assumption-based" was moved to the parking lot after discussion)

- Skill variation/unstandardized
- Diverse/specialized
- Varied/inconsistent
- Hierarchy/segregated/controls/procedural/consistent/knowledgeable/professional/cumbersome/inconsistent
- Inequitable
- Scalable
- Organic/unintended/unintentional/haphazard
- Decentralized/decentralized/flexible/confederated/autonomous

Following is the structure draft statement created by the Work Group:

Structure: Mecklenburg County's financial management services system uses an organizational structure that is decentralized by County departments. This structure supports the diverse and specialized business units across the organization and assigns financial management accountability to each department director, with guidance and support provided by a central finance department. This organizational structure has been developed over time in increments rather than having been designed intentionally as a whole system. This structure demands and has resulted in knowledgeable, professional financial management staff in departments who have built and operate financial management functions to suit their department's needs. Therefore, department financial management structures, services, staff resources and reporting lines vary by department. The chief financial manager in each department reports to the department director or the director's designee.

The next meeting on **Jan. 8, 2010**, will involve the FMSA Steering Committee participating in similar brainstorming activities about the County's financial management culture and the financial management business functions.

Agenda
Financial Management Services Assessment
Steering Committee
1/08/2010
Rm. 280, CMGC
8:30 a.m. – 11:30 a.m.

- I. Welcome
- II. Review 12/18/2009 Meeting Summary
- III. Review/Describe Current Financial Management Culture
- IV. Review/Describe Current Key Financial Management Business Functions
- V. Announcements/Next Meeting

Meeting Summary: Friday, 01-08-10
Mecklenburg County
Financial Management Services Assessment Steering Committee
8:30 a.m. to 11:30 a.m.
Charlotte-Mecklenburg Government Center, Room 280

Background: The FMSA Steering Committee is in the Deliberation Phase of the project process, which involves analysis and discussion about pertinent data and information, the current and desired future state, gaps between these states, and changes that may be needed to move from current to future desired state. This third phase of the assessment project process also includes developing priorities and potential options regarding:

- Goals and Strategies
- Structure and Reporting
- Business and Human Processes
- Human Resources

The Meeting: The meeting began with a review and discussion of the two statements created by the FMSA Work Group from the word groupings brainstormed by the Steering Committee in its 12-18-09 meeting to describe the County's strategy and its structure for financial management.

Committee Chairman John McGillicuddy read the statements and guided the group through the review. He explained that the aim of the brainstorming exercise is to use single adjectives to describe the current state and thereby create an “as is” statement. While not every word produced by the brainstorming effort must be used in the statement, the idea is to construct a statement from the themed word groups that generally describes, for example, what the County’s strategy is at present or what its structure is currently. Members of the Steering Committee agreed with the **strategy** statement. However, the Committee asked to change the wording in a portion (the fourth sentence) of the **structure** statement.

Complete first version: Mecklenburg County’s financial management services system uses an organizational structure that is decentralized by County departments. This structure supports the diverse and specialized business units across the organization and assigns financial management accountability to each department director, with guidance and support provided by a central finance department. This organizational structure has been developed over time in increments rather than having been designed intentionally as a whole system. This structure demands and has resulted in knowledgeable, professional financial management staff in departments who have built and operate financial management functions to suit their department’s needs. Therefore, department financial management structures, services, staff resources and reporting lines vary by department. The chief financial manager in each department reports to the department director or the director’s designee.

Complete changed version: Mecklenburg County’s financial management services system uses an organizational structure that is decentralized by County departments. This structure supports the diverse and specialized business units across the organization and assigns financial management accountability to each department director, with guidance and support provided by a central finance department. This organizational structure has been developed over time in increments rather than having been designed intentionally as a whole system. This structure demands and has resulted in knowledgeable, professional financial management staff in departments who have built and operate financial management functions to address their department’s business needs within the overall County framework. Therefore, department financial management structures, services, staff resources and reporting lines vary by department. The chief financial manager in each department reports to the department director or the director’s designee.

Next, the Steering Committee moved on to the single-word brainstorming session to describe the County’s current financial culture. Culture is defined as: “A pattern of shared basic assumptions, values, customs, traditions, meanings and behaviors that make an organization unique.”

Here is the list of words (grouped by theme) for **culture**:

Culture

- Reactionary-reactive-reactive
- Rigid/inflexible (systems/policies)-defensive-detailed-incremental-slow moving-traditional-conservative-risk averse
- Teamless-figure it out yourself-decentralized
- Improvisational-flexible-informal
- Inconsistent
- Distrust
- Uncommunicative
- Diverse (within each department, there is a different culture)
- Open-service oriented-collaborative
- Accountable-accountability

Draft Statement: Throughout our organization, there are multiple cultures associated with financial management services. These diverse cultures can result in conflicting ideas and ways of doing things, In

particular, the diverse cultures create and/or are the result of lack of communication and some distrust across department lines, as well as a sense of being “on your own” rather than being part of a larger organizational team responsible for financial management. This can result in some areas improvising and operating in more informal, flexible ways. Despite having diverse cultures, the financial management culture throughout the organization tends to be conservative, reactionary, risk-averse, rigid, slow moving, detailed, and accountable. After the session on culture, the group began the same brainstorming exercise for key business functions. Homework assigned previously gave Committee members the opportunity to list their descriptive words before the meeting via an online survey on the Share Point site. The business functions category includes nine subsets:

- Fiscal control
- Planning & budgeting
- Risk management
- Procurement
- Contract administration
- Accounting
- Fiscal data management
- Payroll
- Grants management

The Committee brainstormed words and grouped them by themes for the first three functions before the meeting ended. The Work Group committed to draft statements for culture, fiscal control, planning & budgeting and risk management, for the Committee’s later review. Also, the Work Group will group the remaining words submitted by the Committee into themes for the other functions and provide the lists to the Committee. Here is the list of words (grouped by theme) for **fiscal control**:

Fiscal Control

- Accountability-oversight-oversight
- Necessary-legally required-ruled-based(bound)-procedural-rules & regulations-defined duty segregation-adequate-evidence-focused
- Audit-lack-unsure
- Unmaintained-oral tradition-inconsistent-variable
- Prudent-real time
- Payments-purchase order processing-budget presentation-contract processing

Draft Statement: The County’s fiscal control function operates using required policies, procedures, rules and regulations that enable appropriate oversight, accountability, and checks and balances. However, some aspects of fiscal control vary by department and can result in inconsistencies. This occurs, in part, because of delays in revising policies and procedures to acknowledge new practices. Therefore, some aspects of fiscal control policy and procedures are implemented through oral direction. In addition, insufficient internal auditing services inhibit timely recognition of inconsistencies and/or variances from policy and procedures.

Here is the list of words (grouped by theme) for **planning & budgeting**:

Planning & Budgeting

- Cumbersome-customized-fragmented-disconnect-inconsistent-inconsistent (process)-unfocused-drawn out-central decisions & local implementation
- Thinking differently-innovative
- Resource allocation-strategy-future thinking
- Rushed-insufficient lead time
- Professional-ok
- Limited communication-secret
- Delays in approvals

- Tension between flexibility and repeatable processes
- Service focus

Draft Statement: The function and process of planning and budgeting reflects the need for having both flexibility and a repeatable and predictable process. The flexibility affords strategic and innovative planning and decision making that allows thinking differently but also contributes to the process often being cumbersome, inconsistent, fragmented and characterized by insufficient communication and lead time. Generally, the final products (strategic plans & recommended and final budgets) are professionally produced and sufficient to meet the needs of executive and elected leaders.

Here is the list of words (grouped by theme) for **risk management**:

Risk Management

- Vulnerability
- Not understood
- Low priority-Low profile-no master strategy-a mystery – not explicit-undefined-lacking
- Bottle-neck (contract vs claims)
- Conservative
- Adequate
- Unaccountable-outsourced-delegated-decentralized-not managed corporately
- Mediation/Lawsuits-safety-insurance

Draft Statement: Risk management as a financial management function/service is outsourced to the City of Charlotte’s Risk Management Division. However, overall accountability for this function/service is unclear and the function/service is not well understood by department leaders. The function/service also lacks a clear strategy, and has a low profile and low priority within most departments, which leaves the County vulnerable. In addition, there is inconsistency in how risk management is managed within departments. The meeting ended with a homework assignment about key financial human processes. The next meeting on **Jan. 15, 2010**, will include a continuation of the discussion about the current key business functions, and the brainstorming activity about the County’s financial management key human processes: leadership and accountability; decision-making; communication; employee development; conflict management; recognition and rewards and recruitment and hiring.

Agenda
 Financial Management Services Assessment
 Steering Committee
 1/15/2010
 Rm. 280, CMGC
 8:30 a.m. – 11:30 a.m.

- I. Welcome
- II. Review 1/8/2010 Meeting Summary
- III. Complete Review/Describe Current Key Financial Management Business Functions
- IV. Review/Describe Key Financial Management Key Human Processes
- V. Announcements/Next Meeting

Meeting Summary: Friday, 01-15-10
Mecklenburg County
Financial Management Services Assessment Steering Committee
8:30 a.m. to 11:30 a.m.
Charlotte-Mecklenburg Government Center, Room 280

Background: The FMSA Steering Committee continues in the Deliberation Phase of the project process, which involves analysis and discussion about the current and desired future state of financial management, gaps between these states, and changes that may be needed to move from current to future desired state. This third phase of the assessment project process also includes developing priorities and potential options regarding:

- Goals and Strategies
- Structure and Reporting
- Business and Human Processes
- Human Resources

The Meeting: The meeting opened with an explanation from Committee Chairman John McGillicuddy to help committee members complete the approval of the “as is,” or current state statements for key business functions; create word-groups to describe the key human processes, then move on to the desired future state statements for both categories.

The group used the “fist to five” voting method to either approve a summary statement, or pull it for further discussion. A closed fist or one to two fingers meant the committee member disagreed and wanted additional discussion, while three, four or five fingers meant okay and showed agreement.

After discussion and changes to several draft summary statements, the Committee approved the following summary statements for the Financial Management Key Business Functions:

Key Business Functions Current State

Fiscal Control statement: The County’s fiscal control function operates using required policies, procedures, rules and regulations that enable appropriate oversight, accountability, and checks and balances. However, some aspects of fiscal control vary by department and can result in inconsistencies. This occurs, in part, because of delays in revising policies and procedures to acknowledge new practices. Therefore, some aspects of fiscal control policy and procedures are implemented through oral direction. In addition, insufficient internal auditing services inhibit timely recognition of inconsistencies and/or variances from policy and procedures.

Risk Management Statement: Risk management as a financial management function/service is outsourced to the City of Charlotte’s Risk Management Division. However, overall accountability for this function/service is unclear and the function/service is not well understood by department leaders. The function/service also lacks a clear strategy and scope, and has a low profile and low priority within most departments, which may leave the County vulnerable. In addition, there is inconsistency in how risk management is managed within departments.

Procurement statement: Procurement processes vary by department for those purchases not required to be bid. Procurement services provided to the County by the City of Charlotte are handled in an objectively (i.e., fair and unbiased). Responsiveness and communication could be improved, and could be handled more effectively. There is no service level agreement with the City so roles are unclear and the City is not held accountable for the services it provides to the County. The City gives preference to the City’s procurement needs and activities.

Contract Administration Statement: Contract administration sometimes can be organized, efficient and well-managed, but many aspects of the process are cumbersome, time consuming, inefficient and lacking in accountability for approvers (in terms of timely approvals). The process begins as a decentralized activity and

then bottlenecks to a somewhat centralized approval process that appears to lack resources. The process provides a good audit trail for contracts.

Accounting Statement: Accounting is something of a behind-the-curtain mystery that includes insufficient communication with decisions made after the fact. As a result, it is considered by some as inconsistent and inflexible, while others view it as adequate, organized and providing sufficient segregation of fiscal control. Accounting provides a good audit trail that allows for making improvements and catching mistakes. The process is computerized and features examples of innovation. The function lacks a service level agreement defining levels of service and responsiveness.

Planning & Budgeting statement: The function and process of planning and budgeting reflects the need for having both flexibility and a repeatable and predictable process. The flexibility affords strategic and innovative planning and decision making that allows thinking differently but also contributes to the process often being cumbersome, inconsistent, fragmented and characterized by insufficient communication and lead time. Generally, the final products (strategic plans & recommended and final budgets) are professionally produced and sufficient to meet the needs of executive and elected leaders.

Fiscal Data Management statement: Fiscal Data Management offers good systems with good integration between systems that provide timely, efficient, accurate and accessible information. Some systems remain separate, however. Although fiscal data management has improved and is still improving, there remains a need for better real-time information for decision making, greater accessibility to non-financial management staff and/or more training for users.

Payroll Statement: The payroll system (MyHR) works sufficiently, quickly, efficiently and is dependable and stable. Some believe the system is complex and complicated and that reporting is bureaucratic. The process is managed with very few staff.

Grants Administration statement: Grants administration occurs with no formal and/or articulated organizational strategy, and therefore is largely undefined and confusing. Still, some regard the function as operating efficiently. Staff involved includes those with specialized expertise as well as those who are unskilled in grants administration.

After completing the review and approval of the business function statements, the group moved on to discuss the human processes. Prior to the meeting, members were asked to complete a homework assignment that asked for one-word adjectives to describe the current state of financial management for:

- Leadership and Accountability
- Decision-Making
- Communication
- Employee Development
- Conflict Management
- Recognition and Rewards
- Recruitment and Hiring

The group added other words as needed and decided which words in the list should be grouped together and later be used to create an “as is” statement reflective of the words and the discussion. The group discussed the first four areas – leadership and accountability; decision-making; communication and employee development before the meeting ended.

Key Human Processes

Leadership and Accountability

- Integrity/respected/acceptable/strong/knowledgeable
- Proactive/results-focused
- Multi-layered/split accountability/decentralized/distributed
- Defined
- Political
- Uneven/varies

Decision-Making

- Collaborative/collaborative/collaborative
- Data driven
- Top down/top down/corporate/centralized/hindsight
- Cumbersome/slow
- Independent
- Variable
- Reactive (sometimes)

Communication

- As needed/disjointed (fragmented)/mixed/varies/multi-channel
- Open/transparent
- Opportunistic (opportunity to improve)/insufficient/minimal
- Impersonal/tech-driven
- JIT (just in time)

Employee Development

- Departments on their own/DIY
- Crapshoot/varied/variable/unsystematic/unstructured/disorganized
- Non-funded/low-priority/limited/lacking/lacks follow-through/ARD (annual review date)
- improved

Next steps: Members of the staff Work Group will set up the Committee's online site to complete the Key Human Processes "current state" and will develop a strawman for the Desired Future State that the Committee will discuss at its next meeting on January 29.

Agenda

Financial Management Services Assessment

Steering Committee

1/29/2010

Rm. 280, CMGC

8:30 a.m. – 11:30 a.m.

- I. Welcome
- II. Review 1/15/2010 Meeting Summary
- III. Complete Review/Describe Current Financial Management Structure
- IV. Complete Review/Describe Key Financial Management Key Human Processes
- V. Complete Desired State Exercise
- VI. Announcements/Next Meeting

Meeting Summary: Friday, 01-29-10
Mecklenburg County
Financial Management Services Assessment Steering Committee
8:30 a.m. to 11:30 a.m.
Charlotte-Mecklenburg Government Center, Room 280

Background: The FMSA Steering Committee is in the Decisions Phase of the project process, which involves developing recommendations and is the fourth of the five-phase assessment project process.

The Meeting: To start the meeting, committee members approved the Meeting Summary of 1/15/10. Discussion moved to the review of the current state summary for culture, and the future/desired state summaries for key human processes. The Committee asked for changes in three summaries: Culture; Decision Making; and Recognition & Rewards, and asked the Work Group to provide revisions for the Committee's review at the next meeting.

Note: Below are the Work Group's draft revised current state summaries.

Revised Culture current state: Throughout our organization, there are multiple cultures associated with financial management services, particularly differences between corporate views (e.g., SOI, Finance Department, County Manager's Office) and departments. We strive and often have collaborative working relationships. Still, the differing business needs and therefore differing perceptions and perspectives can create communication breakdowns, distrust and perceptions among some department staff that they are on their own and/or not included as part of a larger organizational team responsible for financial management. Likewise, there also are perspectives among some corporate level staff that some department staff operate or want to operate autonomously and/or resent involvement and direction from corporate levels. Despite these instances where differences sometimes create dysfunction, the County's financial management services culture is largely characterized as open and service-oriented, fiscally conservative, accountable and detailed, while also sometimes being rigid (regarding policy and procedures), reactionary and slow moving.

Revised Decision Making current state: Decision making across financial management in the county is date-driven, collaborative and top-down. While a top-down approach is needed to ensure consistency, it can at times have negative, unintended consequences on the department staff that has to implement the decisions made. Decision making can be reactive and slow. Responsibility and accountability for decision making is sometimes not clearly defined, and the rationale for decision making is not always communicated.

Revised Recognition & Rewards current state: Recognition and rewards associated with financial management services employees range from non-existent to minimal. In addition, the recognition and rewards are provided inequitably and are not done timely enough to have the intended impact. It is likely that some of the challenge with providing rewards and recognition is due to misunderstandings about what constitutes appropriate rewards and recognition. Additionally, an identified challenge is the availability of funding for monetary rewards, including but not limited to merit increases.

Next the Committee reviewed a "strawman" document drafted by the Work Group that is based on the Committee's discussions. The strawman included the desired future state summary statements for structure, strategy, culture and the key business and key human processes functions. It also included draft priorities and included suggested key actions needed to achieve the desired future state of financial management services. Chairman John McGillicuddy asked each committee member to respond to the three questions:

1. What do you like most about it?
2. What burning questions do you have?
3. What major or significant concerns or reservations do you have?

Some of the feedback included:

Question 1:

Comprehensive – it covers everything we discussed

Good action steps

Concise

Like the structure statement (Flexibility and Accountability within a Framework)

Focus on accountability

Easy for stakeholders to understand

Question 2:

How were the priorities set?

Why is accounting broken out separately?

Why is accounting not a higher priority?

Do we believe these priorities are consistent with the Board priorities?

Question 3:

How is all of this going to work? Who will be responsible?

Be realistic about timeframe for accomplishing this with tight resources

Are we talking about capital planning when we talk about planning and budgeting?

With consolidation in the past, our level of support has diminished.

Is there a temptation to focus on consistency to the point that the result is one size fits all?

How will this be shared with other financial management staff?

Next steps: Based on the Committee's feedback, the Work Group was charged with making revisions for the Committee's review that include specific accountabilities for the key actions as well as a timeline for implementing the key actions. The next meeting is set for Feb. 12, 2010, in the Human Resources large training room at 700 East Fourth Street.

Agenda
Financial Management Services Assessment
Steering Committee
2/12/2010
Human Resources Training Room
700 East Fourth Street
8:30 a.m. – 11:30 a.m.

- I. Welcome
- II. Review 1/29/2010 Meeting Summary
- III. Finalize Current State Summary for: Culture, Decision Making; Recognition & Rewards
- IV. Draft of Recommended Key Actions and Timeline
- V. Discuss Structure
- VI. Discuss Next Steps
- VII. Announcements/Next Meeting

Meeting Summary: Friday, 02-12-10
Mecklenburg County
Financial Management Services Assessment Steering Committee
8:30 a.m. to 11:30 a.m.
Human Resources Training Room, 700 E. Fourth Street

Background: The FMSA Steering Committee is fine-tuning recommendations developed in the **Decisions Phase** of the assessment project process.

The Meeting: Members reviewed the 1/29/10 meeting summary that included the revised summary statements for culture, decision making, and recognition and rewards. The group approved the summary statements with minor edits.

Next, the Committee provided feedback on the draft Recommended Key Actions and Timeline provided by the Work Group. Discussion included clarification of the roles of the executive sponsor and the project lead; concern that key participants include representatives with diversity of perspective; consideration that more time be spent in planning before the budget process; clarification on what mentoring means for employee development; and further clarification for what is included in the Accounting Key Business Function. The committee requested an editing change so that the reference is now “accounting functions” instead of “the accounting function” and a list of accounting functions, such as revenue recognition and payment processing, will be added for additional clarity.

A brief review of two handouts about structure, provided by Chairman John McGillicuddy, preceded an update that he shared from a briefing discussion with County Manager Harry Jones. The Committee received and reviewed a memorandum from the County Manager that thanked and complimented the Committee on its work thus far, and provided an additional charge to identify areas or functions of financial management services that should be managed corporately. The memorandum said this direction stems from our need to challenge our status quo and think differently. Specifically, Jones wrote, “...we must find new ways of operating that improve the effectiveness and efficiency of these services, particularly in fiscal control and stewardship of public funds.” Following a discussion about the Manager’s direction, the Committee brainstormed options to identify a preliminary list of areas or functions that could be considered for managing corporately.

Next Steps: With the preliminary list as a starting point, the Committee asked the Work Group to refine the list (including the rationale) for the Committee’s consideration using various information sources including:

- The SWOT analysis, organizational charts and other information gathered during the Discovery and Deliberation phases to identify commonalities and to help with context and perspective
- Research financial management operations in the city of Phoenix, and other places if possible, to use as a bench mark for managing corporately
- Any follow up or additional input from Committee members or other financial management staff. The Work Group said it would set up the Share Point site to receive input but that due to time constraints and when people would submit their input it may not be possible to incorporate all the additional input in its refined list by the Committee’s next meeting (February 19). However, any input received by February 18 would be provided to the Committee at its February 19 meeting.

Next meeting: 8:30 a.m. to 11:30 a.m. on Friday, Feb. 19, 2010, in the Human Resources Training Room at 700 E. Fourth Street.

Agenda
Financial Management Services Assessment
Steering Committee
2/19/2010
Human Resources Training Room
700 East Fourth Street
8:30 a.m. – 11:30 a.m.

- I. Welcome
- II. Review 2/12/2010 Meeting Summary
- III. Consider Areas or Functions to Manage Corporately
- IV. Discuss Next Steps
- V. Announcements/Next Meeting

Meeting Summary: Friday, 02-19-10
Mecklenburg County
Financial Management Services Assessment Steering Committee
8:30 a.m. to 11:30 a.m.
Human Resources Training Room, 700 E. Fourth Street

Background: The FMSA Steering Committee continues to fine-tune recommendations and a proposed timeline developed in the **Decisions Phase** of the assessment project process.

The meeting: Committee members approved the Meeting Summary of 2/12/10.

The Committee reviewed a “strawman” document created by the Work Group (at the Committee’s request) from the list of brainstorm ideas about financial services areas or functions the Committee agreed should be considered for managing corporately. Chairman John McGillicuddy explained the Work Group’s rationale for the strawman recommendations in the “**Managing Financial Management Services Corporately,**” document. As part of its deliberation, the Work Group concluded that every option that could be considered would have to affect an additional decision about reporting lines and accountability. Therefore, the recommendation was developed to establish a structure and accountability that included **dual reporting**. In this structure, the **senior financial manager within each department would be designated as the department’s fiscal control compliance officer** and would report to the department director/designee (for department-specific accountabilities) and to the Finance Director/designee for financial management/fiscal control accountabilities). This dual reporting structure was recommended to be consistent with the previous recommendations of the Steering Committee that accountability for department financial management/fiscal control should be shared between the department director and the County Finance Department. The other choices were either to maintain the current reporting structure, or to shift full reporting under the authority of the Finance Director. The former option would be contrary to recent direction provided by the County Manager, while the latter option would remove the department director from any direct accountability for financial management within their department. This dual reporting also is consistent with the Steering Committee’s overall strategy of providing Flexibility and Accountability within a Framework. It also was noted that Mecklenburg County already has experience and good results with the shared accountability, or matrix reporting model. The recommendations also included **establishing a financial services center** to serve all departments but especially smaller departments or those without designated financial management positions. The center could be modeled similar to the Employee Services Center created by Human Resources.

Other key actions recommended for managing corporately included expanded explanations for the following Key Business Functions:

- Accounting (accounts payable and revenue recording)
- Grants accounting (included in the overall category of grants administration)
- Bond/Capital Projects accounting
- Capital Reserve
- Fleet Reserve

A thorough review of key processes, particularly in accounting, is needed to determine how to organize and potentially realign current resources and job functions to increase efficiency and/or effectiveness. The Steering Committee endorsed contracting with a third-party (e.g., business process management consultant) to manage the process review actions steps that are recommended. This will enable timely completion of this task and ensure the findings and recommendations are based on an independent perspective.

Next steps: The Work Group will incorporate the Steering Committee's revisions into the draft recommendations document for review and feedback by the Steering Committee, department directors and other financial management staff.

Based on the feedback received, the Steering Committee will finalize its recommendations that will be provided to the Effective & Efficient Government Focus Area Leadership Team and ultimately to the County Manager and his Executive Team.

Next Meeting: If needed to revise its draft recommendations, the Steering Committee will meet Friday, March 5, 2010, from 8:30 a.m. to 11:30 a.m. at a location to be determined.