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Council Chamber

PUBLIC OVERSIGHT HEARING ON THE PERFORMANCE OF THE OFFICE OF BUDGET AND PLANNING DURING FISCAL YEARS 2000 AND 2001

Testimony of Dr. Julia Friedman, Acting Chief Financial Officer, before the DC Council Committee of the Whole

Good Morning, Chairman Cropp and members of the committee. I am Julia Friedman, testifying today for Natwar M. Gandhi, Chief Financial Officer for the District of Columbia. With me today are Wayne Upshaw, Deputy Chief Financial Officer for Budget and Planning, and Anthony Calhoun, Deputy Chief Financial Officer for Finance and Treasury, to speak to specific issues about the Budget Office and Office of the Treasurer.

Effective budgeting is the key to timely, effective program execution. While the last five years have brought much improvement in the integrity of the District's budget process, we still need much better budget tools if we are to provide policy makers with the necessary information for informed budget decisions. Let me lay out for you the key ingredients for an improved budget system as we see them.

First, in his oversight testimony before you, Dr. Gandhi mentioned the need to integrate personnel information with our financial systems. This is a top priority because it is a crucial element in properly estimating and tracking personnel costs that account for about 70% of the District's operating budget. We are working with the City Administrator as part of his Human Resources Reform Group to see what can be accomplished in this area.

Second, we plan to move forward this year with planning and implementation of performance budgeting, a technique that links program costs to the outputs one gets for expenditures. Our current account structure, in essence the "data capture" structure for financial information, does not properly support performance budgeting. We need to be able to capture budget execution information at a much lower organizational level and with far more specificity as to category of expense. With this type of financial information, coupled with program output information at the same level, managers and financial analysts will be able to calculate the costs of their products.

Third, we will revisit the report and output parameters of SOAR to use the system more effectively for budget execution monitoring. The system is capable of this; we just need to use these capacities more effectively. As SOAR was being implemented over the past two years, ensuring that accounting capabilities were fully operational was of primary importance. It is now time to start building full budget functionality. Our goal is to reach the point where monitoring of budget execution is an online, real-time process. Others have done it; so can we.

Finally, we plan to restructure the organizational configuration that delivers financial services to the District of Columbia. An early step is to draw the budgets of all agency CFOs into the Office of the Chief Financial Officer. Having done this, we intend to streamline this structure so that it is in better alignment with the Mayor's oversight structure and the District's appropriation structure. Standard position descriptions, patterned staffing guides and common performances measures and expectations also are planned. We believe that it is possible for the OCFO to deliver better, more timely services with a leaner organization. Recommendations in this regard will be forthcoming soon.

That concludes my remarks, Madame Chair.