

PUBLIC ROUNDTABLE ON
**“THE CURRENT STATE OF THE DISTRICT’S LOCAL,
SMALL AND DISADVANTAGED BUSINESS
ENTERPRISE PROGRAM AND THE OUTLOOK ON
ENHANCING OPPORTUNITIES FOR LSDBE’S”**

**Before the
Special Committee on Local, Small, and Disadvantaged Business Enterprises
Council of the District of Columbia**

The Honorable Kwame R. Brown, Chairman

**September 30, 2005, 10:00 a.m.
Room 412, John A. Wilson Building**



**Testimony of
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**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman Brown and members of the committee. My name is Anthony Pompa, Deputy Chief Financial Officer for the Office of Financial Operations and Systems (OFOS) in the Office of the Chief Financial Officer (OCFO). I am here to testify on the role of the OCFO as it pertains to Local, Small, and Disadvantaged Business Enterprises (LSDBE), as well as how technology can be utilized to both reduce costs and improve the effectiveness of the District's LSDBE program.

OCFO Process

As it currently stands, the OCFO plays almost no role in the LSDBE process from a District-wide perspective. We do not certify funds to be set aside or expended in the LSDBE program. Although LSDBE vendors are identified in the System of Accounting and Reporting (SOAR) and in the Procurement Automated Support System (PASS), there is no special recording of expenditures for these vendors. The purchase orders entered in PASS and the resulting expenditures for goods and services received are captured for all vendors during the course of the year. OFOS assists the Office of Local Business Development (OLBD) by providing expenditure data files for all vendors from SOAR to OLBD for their internal analysis.

In fiscal year 2002, OFOS received a request from OLBD to extract specific information from SOAR to be used by that office in its compliance role. Based on discussions with OLBD, the office needed to know how the District benefited LSDBE businesses during a specific fiscal year in terms of actual dollars paid or dollars that the District is legally liable to pay. OLBD requested that the

information be available by agency, fund, and vendor. In addition, OLBD requested that payments not made to LSDBE vendors also be included in the report. The stated purpose for obtaining the information was to:

- Determine how the District benefits LSDBE businesses during a fiscal year, in terms of cash payments, from all District funds.

- Determine how actual cash and accrued expenditures are tracking with the purchase order information submitted by each agency in their quarterly reports.

Since 2002, OLBD has maintained a Microsoft Access database system that captures all District cash and accrual transactions from SOAR. Each year, OFOS extracts the expenditure data from SOAR and downloads that data into the LSDBE database. OLBD then accesses its database and properly identifies LSDBE vendors. OLBD can then run a program that tags the LSDBE vendor transactions. The resulting reports can be provided at a summary or detailed level and can include in-depth analysis of payments to specific vendors. At this point, the requisite financial information is available and may be used by OLBD to fulfill its reporting and oversight responsibilities.

Technology

The LSDBE program requires monitoring and reporting on agency and third-party contracting and procurement activities to ensure that expenditures meet the District's goals related to contracting with and procuring from LSDBEs. These requirements can be met in a number of ways including:

- Real-time access to accurate, current, and historical LSDBE vendor information;
- Online vendor certification;
- A central data repository of capital and operating budget items related to LSDBE vendors;
- Integration of procurement and financial management systems to track all expenditures to LSDBE vendors (prime and sub-contractor); and
- Executive and detail-level reporting to cross-reference LSDBE vendor, budget, and expenditure data by agency and fund.

The District is very proactive and can provide a number of technical tools to support the program, such as Web-based forms accessing information stored in a database. This approach provides internal agencies and external vendors a centralized, controlled, and secure platform to maintain and view current LSDBE data, certify vendors and post relevant capital and operating budget items. The Web site can employ online edits to ensure vendor data is accurate and appropriately immutable. Historic information can be maintained to provide a record of LSDBE vendor certification status in the context of past expenditures. Real-time access to government regulations, publications and resources can be provided to enhance program education and training. The key to meeting program objectives is the ability to access relevant data elements within the procurement (PASS) and financial (SOAR) management systems. These can be linked to key LSDBE operational support systems permitting pertinent expenditure data to be

identified and automatically captured. The result would be a centralized resource for accurately monitoring agency compliance, providing integrated executive level reporting and customizing queries to meet specific reporting requirements.

While the OCFO presents these suggestions for additional study or review, any major information technology enhancements in the District must be done under the umbrella of the current Administrative Services Modernization Program (ASMP) initiative to ensure consistency and compatibility.

This concludes my formal testimony. I will be happy to answer any questions you may have.

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