

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER



**Jeff DeWitt**  
Chief Financial Officer

July 28, 2014

The Honorable Vincent C. Gray  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, N.W., Suite 600  
Washington, D.C. 20004-3001

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, N.W., Suite 504  
Washington, D.C. 20004-3001

**SUBJECT: Report of Variances between Actual Agency Expenditures and Approved Spending Plans through the Second Quarter of FY 2014**

Dear Mayor Gray and Chairman Mendelson:

Pursuant to D.C. Code 47-355.05(a), I am providing this summary report on the variances between actual agency expenditures and approved spending plans through the second quarter of Fiscal Year 2014. This summary report is divided into two sections: the Operating Budget and the Capital Improvements Program. Each section includes observations of the Chief Financial Officer and Agency Fiscal Officers, jointly reported as "OCFO Observations." The enclosed data reports similarly cover the Operating Budget and the Capital Improvements Program, and agencies in each report are grouped by Council committee, to comport with Section 47-355.05 (a-1).

**A. Operating Budget**

The enclosed Second Quarter FY 2014 Anti-Deficiency Operating Budget Data Report includes a detailed comparison of each agency's actual expenditures, obligations, and commitments to their approved spending plan, by appropriated fund.

The next-to-last column identifies those appropriated funds of an agency that are considered to have a significant negative variance, that is, the actual year-to-date expenditures, obligations, and commitments are at least 5 percent or \$1 million greater than their year-to-date approved spending plan. There were eight agencies noted with this type of deficiency. These thresholds are

defined in the Anti-Deficiency Act for determining possible anti-deficiency violations that the Chief Financial Officer refers to the Board of Review for Anti-Deficiency Violations.

The last column identifies those appropriated funds of an agency with a spending plan that is not consistent with its revised budget in SOAR, the District's financial system, and so may lead to an improper calculation of the variance between actual expenditures, obligations, and commitments and the approved spending plan. There were three agencies noted with this type of variance, two of which overlapped into the previous category.

### ***OCFO Observations***

These observations are of spending patterns and steps being taken to assure spending remains within the approved budget.

Of the 132 agencies in the enclosed report, 7 agencies do not use SOAR as their system of record, and 116 agencies had a correct spending plan and their actual year-to-date expenditures, obligations, and commitments were within their year-to-date approved spending plan or exceeded the spending plan by less than the threshold amounts.

The remaining 9 agencies either had a significant negative variance in at least one of its funds, or its spending plan was not consistent with the revised budget in SOAR. The enclosed Second Quarter, FY 2014 Anti-Deficiency Summary Report for the Operation Budget displays for these agencies not only the nature of each deficiency, but also the primary cause of the deficiency. The causes include the following:

- a) One agency had a spending plan that had not been updated to reflect changes to the revised budget in SOAR.
- b) Six agencies had spending plan totals equal to the SOAR revised budget but did not correctly update their YTD spending plan to reflect actual YTD spending activity.
- c) Two agencies were included in the report because both their total spending plans did not match SOAR and their YTD actuals were higher than their spending plans in excess of the established thresholds.

In all cases, the agencies have now updated their spending plan, or are in the process of updating it, and so are resolving the cause of their negative variance and/or incorrect spending plan. All agencies expect their spending to remain within the approved budget by year-end. The OCFO reviewed their corrective actions and confirms that the actions have been made or are in the process of being made.

The OCFO notified the Board of Review for Anti-Deficiency Violations (BRADV) of these findings and corrective actions taken by the agencies.

### **B. Capital Improvements Program**

The enclosed data report for the Capital Improvements Program includes a detailed comparison of each agency's actual expenditures compared to their approved spending plan, but by project

rather than by appropriated fund. Otherwise, the format of the report and the variance calculations follow those of the Operating Budget.

### ***OCFO Observations***

These observations are of spending patterns and steps being taken to assure spending remains within the approved budget.

The report on the Capital Improvements Program covers all the District's 495 capital projects across 32 agencies that had expenditures in the second quarter of FY 2014. The actual year-to-date expenditures, obligations, and commitments of 490 of these projects, across 27 agencies, were within their year-to-date approved spending plan or exceeded the spending plan by less than the threshold amounts.

Five projects in five agencies (Department of Housing and Urban Development, D.C. Sentencing and Criminal Code Review Commission, Special Education Transportation, Department of Youth Rehabilitation Services, and the Office of the Chief Technology Officer) were reported to the Board of Review for Anti-Deficiency Violations due to projects with variances that exceeded the threshold amount for the second quarter. These agencies' OCFO staff have reviewed their spending plans going forward and confirmed that these projects do not have any budget issues.

Members of my staff are always available to assist you with any questions about this report. For further information, please contact Gordon McDonald, Deputy Chief Financial Officer for Budget and Planning, at 727-1239.

Sincerely,



Jeff DeWitt  
Chief Financial Officer

Enclosures

cc: Members of the Council of the District of Columbia  
Members of the Board of Review for Anti-Deficiency Violations  
Allen Y. Lew, City Administrator  
Eric Goulet, Deputy Chief of Staff and Budget Director, Mayor's Office of Budget and Finance  
Jennifer Budoff, Budget Director, Council of the District of Columbia  
V. David Zvenyach, General Counsel, Council of the District of Columbia  
Angell Jacobs, Deputy Chief Financial Officer and Chief of Staff, Office of the Chief Financial Officer  
David Tseng, General Counsel, Office of the Chief Financial Officer  
Gordon McDonald, Deputy Chief Financial Officer, Office of Budget and Planning