PUBLIC OVERSIGHT HEARING

ON

CAPITAL IMPROVEMENTS

Before the
Committee of the Whole, Council of the District of Columbia
The Honorable Vincent C. Gray, Chairman

Committee on Health, Council of the District of Columbia
The Honorable David A. Catania, Chairperson

Committee on Human Services, Council of the District of Columbia
The Honorable Tommy Wells, Chairperson

February 1, 2008, 10:00 a.m.
Council Chamber, John A. Wilson Building

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Testimony of
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Good morning, Chairman Gray, Chairperson Catania, Chairperson Wells, and

members of the Committees. My name is Mike Teller, and I am the Chief

Information Officer for the Office of the Chief Financial Officer. I am pleased to

appear before you today to present testimony on the capital projects for the OCFO

that are included in the District's Capital Improvements Program (CIP) for FY

2008 and FY 2009.

Maintaining and Enhancing the District's Financial Systems

The OCFO is committed to making periodic necessary investments to ensure that

the critical financial systems of the District remain reliable and functional. There

are several challenges that confront us as we move forward. The greatest

challenge is ensuring that our financial systems – many of which are running on

hardware and software that is no longer supported by the manufacturer -- are

updated or replaced in an orderly fashion. The second is ensuring that these

systems may be maintained and supported primarily by the District's IT workforce.

And the third is to take full advantage of the significant investments made by

OCTO on behalf of the District that support and encourage good information

technology practices. With these challenges as the backdrop I will now describe

the five OCFO capital projects that are scheduled for funding over the next two years, FY 2008 and FY 2009.

Tax System Modernization

Of primary importance is maintaining a robust state-of-the-industry tax system. The current system used by the Office of Tax and Revenue, the Integrated Tax System or ITS, has now been in use for 8 years and is in need of an upgrade. Our staff has been canvassing the industry and is gathering the information necessary to define our requirements for this project.

ITS is a complex system, reflecting the unique jurisdictional nature of the District, that comprises many different parts and technologies. There are mainframe components, reporting components, scanning systems, data management and multiple tax modules. The current project aims at ensuring that the support systems that surround the core ITS system remain maintainable and take advantage of newer technologies. In the course of developing the architectural models for these systems, we will also be placing an emphasis on ensuring that the main ITS system remains robust and supportable with the next generation workforce.

At the time of the FY 2008 CIP, we envisioned that we would need $10 million to invest in the ITS over three years beginning in FY 2010. We have recently

accelerated our plans and are now proposing that funding for the ITS upgrade begin in FY 2009. The total planned spending remains at the initial approved level of $10 million.

System of Accounting and Reporting (SOAR) Modernization

The District's financial system of record is called SOAR for the System of Accounting and Reporting. Now in its tenth year of operation, SOAR is a mainframe based system which is approaching mid – life in its normal life cycle. At this time OCFO needs to either make a major investment in the existing mainframe, COBOL, DB2 system, or otherwise consider a replacement with software that takes advantage of newer technology. With contractual assistance, we are currently conducting interviews with system users in order to develop a comprehensive set of system requirements. This will lead to a detailed scope of work that will ultimately determine whether we modernize or replace the current system. Funding of $10 million has been approved for this project which we expect will be completed by FY 2011.

Executive Information System (EIS) – CFO$ource

The OCFO and all District agencies depend on the reporting and analysis tools provided to accurately report and interpret the information in the underlying

General Ledger and transactional accounts of the District that are maintained in SOAR. In keeping with the need to maintain and keep these critical reporting tools operational--and current with changes in the underlying technology--, we continue to provide life cycle upgrades to enhance reliability and to add functionality.

To this end, we are upgrading the underlying Business Intelligence (BI) engine for the Executive Information System (EIS) from a product that is no longer being supported by the manufacturer to a more current version that moves away from mainframe architecture to allow the District to take advantage of the newer web based tools. This will allow enhancements to our ability to report on reprogrammings as well as cost driver information. This also allows us to change our hardware investment to replace aging equipment with more reliable, redundant and robust servers. A total of $4 million is planned for these efforts over the next two years.

Tax and Revenue Customer Service Upgrade

OCFO has been reviewing the existing customer support systems in Office of Tax and Revenue that provide mail, web, telephone and in person support services to the general public. While customer support representatives have been able to find information, the underlying system is no longer supported by the manufacturer.

There are now several viable alternatives to the capital intensive system currently in use at OTR. In keeping with good business practice, the OCFO seeks new systems that are maintainable and will take advantage of the newer more cost effective technologies. A total of $4 million is planned for this project over the next two years.

Technology Investments Funded by the Master Lease Agreement

The OCFO recognizes the need to keep the basic equipment and auxiliary systems current through periodic hardware replacement. One component is desktop replacement, but the main emphasis of this program is a fundamental server and support system modernization and consolidation program. Over the years, multiple systems have grown up with properly configured servers, server closets and ancillary equipment. OCFO is performing a logical and physical consolidation to ensure greater reliability and redundancy in coordination with Districtwide initiatives by OCTO. The OCFO is allocated $1.2 million of Master Lease funds for these uses in each of the next two years.

This concludes my testimony. Thank you for your support and I am available to respond to any questions you may have at this time or in the future.