PUBLIC OVERSIGHT HEARING

ON

THE FISCAL YEAR 2007 AND 2008 SPENDING AND PERFORMANCE BY THE OFFICE OF FINANCE AND RESOURCE MANAGEMENT OF THE OFFICE OF THE CHIEF FINANCIAL OFFICER (OCFO)

Before the
Committee on Finance and Revenue
Council of the District of Columbia
The Honorable Jack Evans, Chairman

February 27, 2008, 10:00a.m.
Chamber, John A. Wilson Building

Testimony of
Mohamed Mohamed
Associate Chief Financial Officer
Office of Finance and Resource Management
Government Operations Cluster

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

Good Morning Chairperson Jack Evans, Members of the Council, and Citizens of the District of Columbia. My name is Mohamed Mohamed, Associate Chief Financial Officer, Office of Finance and Resource Management (OFRM), for the Government Operations Cluster.

It is my pleasure to be here today to:

1. Report on the current condition of OFRM;

2. Share several of our most significant accomplishments over the past Fiscal Year; and,

3. Outline our major initiatives moving forward.

With the disbanding of the former Department of Administrative Services (DAS), OFRM was originally created in 1999 with a two-fold mission:

- SHARED SERVICES: To provide a basket of financial services to three, newly created critical agencies, the Office of Property Management (OPM), the Office of the Chief Technology Officer (OCTO) and the Office of Contract and Procurement (OCP); and,

- CENTRAL PAYMENTS: To pay the fixed costs related expenses and invoices for most of the District's agencies (i.e. City-wide utility bills).

In less than a decade, our Shared Services responsibilities have expanded tremendously. OFRM now provides financial services to 33 agencies with budgets totaling approximately $1.4 billion.

Under the umbrella of our central payment responsibilities, we currently track, review, analyze and make annual payments of $350 million, within 30 days of receipt of invoices. In addition, for our entire cluster of 33 client agencies, OFRM:

- Completes end-of-year financial closings without violations of any deficiencies and or major audit findings; and,

- Develops and executes client agencies' budgets.

OFRM has been able to hold the line on expenses by making a significant investment in recruiting, developing and retaining competent staff and in implementing newer technologies to better service our growing cluster of agencies.

OFRM has designed and implemented a new human resource management strategy focused on the development, training, cross-training and retention of experienced staff. We demand, measure and reward results, and encourage staff to make career changes within the organization. Our approach to staff development and retention has allowed us to maintain continuity with our agency clients and control turnover costs. We have created an upbeat, high quality, professional and energized operation to meet the challenges of providing quality services to our agencies.

During the first five (5) months of this fiscal year, OFRM has:

- Restructured our office to focus on core areas of budget and accounting;

- Recruited 14 new members into the OFRM team;

- Updated all policy and procedure manuals; and,

- Provided training for approximately 92% of the entire staff.

OFRM recognizes that productive employees are only one ingredient in the recipe for success. Technology has and will continue to play a major role in OFRM meeting its goals. In FY 2007, OFRM developed and rolled-out an inventory management and billing review system, the Fixed Cost Management System (FCMS). FCMS is a web-based, on-line system, that has been well received and used by agencies, and new applications are planned for FY'08, including:

- Loading all monthly utility invoices for end-user viewing;

- Providing all critical financial reports, updates and financial tracking on-line from a single source;

- Expanding the current on-line, end-user certification program for telecommunications goods and services, jointly being developed by OCTO and OFRM; and,

- Adding the ordering process for telecommunications goods and services to the FCMS platform, instead of paying an outside vendor; and,

Through technology enhancements, we will be conducting random payment reviews and analyses to improve the budget and forecasting process.

And finally, there are two additional issues I would like to share with the committee.

First, with respect to the OIG's six recommendations in its Audit of the Fixed-Costs Allocation Process (Report No. 05-2-10MA) currently listed as open:

- Two have been resolved;

- Two are no longer relevant, since they have been overtaken by events; and,

- Two have been referred to OPM for implementation.

Secondly, OFRM has assumed additional responsibilities associated with the expanded roles of the Office of the State Superintendent of Education (OSSE), as part of the implementation of the D.C. Public Education Reform Amendment Act of 2007. This year, we have implemented a full range of

financial support programs in the areas of budgeting, accounting services,
and especially grants, to support the new roles and responsibilities of OSSE.

Our grants management responsibilities are particularly important because
OSSE is the designated state recipient of all state-level grants from the U.S.
Department of Education and is now responsible for transitioning these
grants out of "high risk" status. To manage these grants we have:

- Aligned our financial structure with our grant awards, for the first time,
  allowing us to streamline our reporting process on all grants related
  activities;

- Developed a standard reimbursement process that will allow us to
  monitor compliance with grant rules and regulations; and,

- Worked collaboratively with both the U.S. Department of Education
  and D. C. Public Schools (DCPS) to make sure that our new structure
  not only addresses the concerns of the Department, but also supports the
  local reform efforts at OSSE and DCPS to facilitate implementation at
  the ground level.

Mr. Chairman, thank you for this opportunity. I am available to answer any questions you may have.