

PUBLIC HEARING BEFORE THE COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE ON FINANCE AND REVENUE

Good Morning Chairman Evans and committee members. My name is Anthony Pompa, Deputy Chief Financial Officer for the Office of Financial Operations and Systems (OFOS).

Our mission is to bring fiscal accountability, discipline and integrity to the District's financial processes by ensuring that standardized accounting practices, policies, procedures, systems and internal controls are embedded throughout the District's financial operations.

During the past year, this office has successfully confronted many challenges, but as with any new endeavor, there is still more work to be done, other challenges to overcome. While we have placed the new System of Accounting and Reporting (SOAR) into operation Citywide after eighteen (18) months of planning and preparation, we are still experiencing a significant learning curve from the transition that the District financial personnel have undertaken. An example is our current effort to process the final, Fiscal Year 1999 financial statements from this new environment. As part of SOAR's implementation, we updated accounting policies and procedures, taking advantage of electronic processes, instead of manual, paper driven methods, which facilitated financial operations in the past. These updated policies and procedures need to be revisited to determine the "lessons learned" and to support their acceptance into the day to day fiscal operations in the District. The Internal Control Unit and the Accounting Policy Division are uniquely positioned to face this challenge. During the past year, the Internal Control Unit conducted thirty-five (35) audits/reviews of District Agencies, providing recommendations for correcting internal control weaknesses. Additionally, we have partnered with the US Treasury to provide support to annuitants and participated in a conference pilot for implementation of a new retirement payroll system. While we have converted fifty percent (50%) of the District's workforce from the legacy Uniform Personnel and Payroll System (UPPS), to the on-line, real-time Comprehensive Automated Personnel and Payroll System (CAPPS), we still have the remainder of the agencies to convert. Clearly we have had successes and continue to face challenges. Now, I will discuss some details of this office.

OFOS consists of several component units: Administration, Internal Control, Accounting Operations, Pay and Retirement Services, Accounting Policies and Procedures, Financial Reporting, Financial and Technical Services and the System of Accounting and Reporting (SOAR) Program Office.

Administration – supported by nine (9) FTE's and \$1.630 million, which reflects an increase in one FTE from the FY 1999, budget and an increase of \$49 thousand.

Internal Control – supported by 9 FTE’s and \$497,000 which is a decrease of one from the FY 1999 budget. However, 2 more FTE’s will be added during this fiscal year. The unit has done a tremendous job in discovering internal control weaknesses and management deficiencies, within District Agencies. Additionally, although its work is difficult to attribute exact dollar amounts to outcomes and results, the Internal Control Unit provides enormous benefit. For example, in two (2) instances, as a result of ICU reviews, the District saved over \$1.5 million in disallowed and questionable costs and incorrect billings to the District.

Accounting Operations – supported by 24 FTE’s and \$1.273 million. The division is comprised of General Ledger, Accounts Payable, and Supplier and Vendor Entry. The General Ledger unit coordinates the annual closing process for agencies and works with the auditors. The Accounts Payable unit monitors internal rules and regulations regarding invoice processing, expense related transactions and travel. The Supplier and Vendor Entry unit maintains the supplier/vendor information table in the District’s System of Accounting and Reporting.

Office of Pay and Retirement Services – supported by 70 FTE’s and \$3.444 million. This seven (7) FTE’s added this fiscal year, represents the Retirement Division’s support of the US Treasury. The US Treasury is funding the 7 FTE’s. Additionally, this office administers the retirement processing for teachers, police, firefighter, US Park Police, US Secret Service, White House uniformed officers, and employees covered by both the US Civil Service Retirement System and the District of Columbia combined system. This unit is also a major player in the implementation of the District’s new payroll system the Comprehensive Automated Personnel and Payroll System (CAPPS).

Accounting Policies and Procedures - supported by 5 FTE’s and \$318,000, which is less than FY 1999 budgeted levels. This unit develops and documents policies and procedures that promote accuracy and consistency in financial transactions, maintains systems users’ manuals and provides functional requirements for accounting systems.

Financial Reporting – supported by 5 FTE’s and \$353,000 which is a decrease of one FTE from FY 1999. This unit is responsible for the preparation of the Comprehensive Annual Financial Report (CAFR) and Highway Trust Fund’s financial statements; working with external auditors on an as needed basis; and keeping abreast of changes which affect financial reporting (Generally Accepted Accounting Principles, Governmental Accounting Standards Board pronouncements, and so forth).

Financial and Technical Services – supported by 16 FTE’s and \$801,000. This unit provides shared financial services for twenty (20) smaller District agencies, to include processing budget, obligating and disbursement documents, certifying payroll submissions, preparation of agencies monthly financial reviews and reports, and analysis and reconciliation of agencies’ financial transactions throughout the year.

SOAR Program Office – supported by 11 FTE’s. This office serves as the focal point for the implementation of SOAR throughout the District. In less than eighteen (18) month

this office fielded a system from concept, through pilot, to all District Government agencies. The SOAR Program Office is now transitioning its functions to other OCFO agencies.

In closing, as I have stated before, while this office still faces many challenges, there have been successes. Through the efforts of dedicated employees, up-to-date systems, sound policies and procedures and the teamwork within the Office of the Chief Financial Officer, these challenges will be successfully met. Thank you.

Public Hearing on Fiscal Year 1999 and Fiscal Year 2000 Budgets

before
The Committee on Finance and Revenue
Jack Evans, Chair
Council of the District of Columbia

Testimony of Anthony F. Pompa
The Office of Financial Operations and Systems

Valerie Holt, Chief Financial Officer
District of Columbia

Friday, February 25, 2000
10:00 A.M.
Council Chambers