

February 28, 2002

Council of the District of Columbia

PUBLIC OVERSIGHT HEARING ON THE PERFORMANCE OF THE OFFICE OF THE
CHIEF FINANCIAL OFFICER DURING FISCAL YEARS 2001 AND 2002

**Testimony of Anthony F. Pompa, Deputy Chief Financial Officer, Office of
Financial Operations and Systems, before the Committee on Finance and
Revenue**

Good morning, Chairman Evans and Members of the Committee. My name is Anthony Pompa, Deputy Chief Financial Officer for the Office of Financial Operations and Systems (OFOS). I am here to testify about the FY 2001 and FY 2002 performance of OFOS.

Successful FY 2001 CAFR

During the oversight hearings last year, I stated that the goal of issuing a Comprehensive Annual Financial Report (CAFR) on time with an unqualified opinion will be equally important to OFOS for Fiscal Year 2001 and beyond. Our objective is to make financial reporting a routine occurrence, rather than the all-consuming exercise that it had become in the past. Again, the goal was achieved with the early publication of the Fiscal Year 2001 CAFR with an unqualified opinion. More importantly for OFOS, we now look upon this endeavor as routine business – a complex task which is carefully planned and efficiently performed.

FY 2001 Accomplishments

As I discussed last year, throughout Fiscal Year 2001 OFOS would continue to: (1) realign and improve accounting operations to provide better support to agencies, (2) train District finance personnel in the use of the System of Accounting and Reporting (SOAR), not only at the basic entry level, but at the intermediate and advanced levels; (3) revise our policies and procedures as required for more efficient operations; and (4) address deficiencies identified during the Fiscal Year 2000 and Fiscal Year 2001 audits.

While we accomplished these objectives during Fiscal Year 2001, we continue to seek improvements in these specific areas and in all aspects of financial operations in Fiscal Year 2002. The monthly closing of the books continues to drive agencies to focus on daily accounting operations. The interim closings for March and June 2001 prompted the agencies to record accounting events timely and accurately, which positively impacted the year-end closing. As a result, there were no major impediments during the Fiscal Year 2001 closing.

The Accounting Systems Manager (ASM) program was started with intensive training of the ASMs, building on their previous knowledge of systems and accounting principles. ASMs have been assigned to major agencies and are on-site at those agencies to provide specific accounting and system expertise. This program allowed flexibility for providing assistance to agencies in that, where needed, a multitude of resources could be focused on a specific agency issue. This enhanced OFOS' ability to assist agencies in the resolution of financial issues on two fronts: expeditiously and permanently. Information sharing and the expansion of knowledge regarding SOAR and other automated systems directly contributed to the ASM program success. This is supported by the fact that year-end closing assistance was limited in scope and was only required by the DC Public Schools, University of the District of Columbia (UDC) and the Public Benefit Corporation (PBC). In prior years, the majority of District agencies required some level of closing assistance.

The cash reconciliation for Fiscal Year 2001 was just as important as in past years. Streamlined procedures and automated processes enabled the cash reconciliation to remain current, without the use of contractor support. Thus, cash reconciliation was not a "show stopper" as it was in prior years. At the same time, we remain current in Fiscal Year 2002 reconciliations.

FY 2002 Developments and Goals

Throughout Fiscal Year 2002, we continue to seek improvements in overall operations. At the beginning of the current fiscal year, we implemented a major module in SOAR, the fixed asset module. A physical count of fixed assets, or personal property, was accomplished by District agencies along with a subsequent reconciliation of the physical count with assets recorded on the books. The reconciled assets and corresponding amounts loaded into the fixed asset module enabled agencies to begin full utilization of SOAR for fixed assets control.

The monthly closings continue and interim closings are planned for the end of March and the end of June 2002. We are continually improving and automating the interim closing each time it is conducted. Additionally, since we have gained experience with interim closings and identifying specific areas for improvements, we are tailoring the interim closings to address specific areas to specific agencies. For example, an agency may be proficient in recording payables but not as proficient in recording intra-districts. In this scenario we would want that agency to concentrate on its intra-district process.

The ASMs continually provide and apply their expertise at the agency level, as well as to the central financial offices. This year they will continue training agency personnel on-site and in the classroom during formal training sessions.

The area of financial reporting is undergoing significant changes in this fiscal year. As previously reported to you, the Fiscal Year 2002 CAFR will be the first report issued under the “new reporting model” as established by the Governmental Accounting Standards Board (GASB) Statement No. 34. This new model seeks to improve operational accountability by highlighting the big picture that was sometimes lost in the detail of fund accounting. Some key, specific changes in this regard are: introduction of government-wide financial statements, expanded focus for governmental activities, presentation of cost data and a Management Discussion and Analysis section. Efforts are currently underway, with the assistance of outside expertise, to ensure that the Fiscal Year 2002 CAFR meets all of the GASB requirements for financial reporting.

At the beginning of Fiscal Year 2002, the SOAR Enterprise Office was dissolved and duties were divided between the new Office of the Chief Information Officer (OCIO) for the Office of the Chief Financial Officer (OCFO) and OFOS. OFOS continues to shoulder the responsibility for functional SOAR training, as well as SOAR help desk operations, under the director of the Accounting System Managers. This structure enhances OFOS’ ability to readily identify new training requirements based on feedback from the ASMs at agency level. It also enables the original SOAR help desk to become even more responsive to agency requirements.

The Office of Pay and Retirement Services (OPRS) continues to provide excellent services to active and retired District employees, as well as annuitants of several federal agencies. OPRS supports the processing of six (6) major payroll groups and numerous third party payments on a bi-weekly to bi-monthly basis for over 49,000 customers. Since 1999, the District’s payroll and retirement staff has effectively managed two payroll systems and has never missed a payroll. This is due in large measure to the behind-the-scenes “rescue” missions undertaken by OPRS in supporting District agencies for issues requiring immediate resolution to get the payroll out-the-door. Additionally, through OPRS, work with the U.S. Treasury to provide support to annuitants and to enhance the current retirement pay system continues.

Shortly after the beginning of Fiscal Year 2002, OPRS, in conjunction with the OCIO and DC Office of Personnel (DCOP), was called upon to update payroll Components I and II to the new salary levels, and input retroactive payments to employees in these payroll components. This important task, performed with professionalism, dedication and within a very tight timeline, was accomplished in an excellent manner.

OPRS also worked closely with the OCIO to successfully transition agencies from the Comprehensive Automated Personnel and Payroll System (CAPPS) to the Uniform Personnel and Payroll System (UPPS)

without major issues and in a manner that was transparent to OPRS' customers – the employees of the Government of the District of Columbia.

Within the current budget, this office is committed to performing citywide interim closes during the year, closing the books monthly, and completing cash/bank reconciliations in a timely manner. We will continue to achieve timely data entry into SOAR throughout the year; production of reports that meet the needs of District managers; collection and recording of reimbursements as they occur; training on SOAR at the basic, intermediate and advanced levels; and fine tuning of the CAFR model to readily capture financial information. The review of policies and procedures and the automation of manual processes continue as we strive to meet an even higher level of efficiency. Finally, we will continue to pay employees and annuitants timely and accurately.

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