

April 16, 2002

Council of the District of Columbia

BUDGET HEARING ON THE BUDGET REQUESTS OF THE OFFICE OF THE CHIEF FINANCIAL OFFICER FOR FISCAL YEAR 2003

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

Good afternoon, Chairman Evans and committee members. My name is Anthony Pompa, and I am the Deputy Chief Financial Officer for the Office of Financial Operations and Systems (OFOS). I am here today to testify about the FY 2003 budget request for OFOS and related matters.

FY 2003 Budget Request

For FY 2003, OFOS is requesting a total budget of 150 FTEs and \$11.9 million. This represents decreases of 25 FTEs from non-local funded positions and a net of approximately \$100,000 of local funds from FY 2002 levels. These changes are the result of internal program reorganizations related to the transition of the Office of the Chief Financial Officer (OCFO) budget to a performance-based budget for the FY 2003 request. This level of funding supports two major departments within OFOS: the Office of Financial Operations (Controller), and the Office of Pay and Retirement Services (OPRS).

Within the Controller's office, there is the Accounting Operations Division, consisting of the General Ledger Section and the Cash Reconciliation Unit; the Financial Control and Reporting Division, encompassing the Financial Reporting and Policies & Procedures Sections; and the Accounting Systems Management Division, consisting of the Accounting Systems Management (ASM) Team and the Functional Integration Team. The Office of Pay and Retirement Services consists of the Payroll Disbursements & Wage Reporting Division and the Benefits Administration (Retirement) Division.

FY 2002 Accomplishments

As I previously stated at the February 2002 oversight hearing, we continue to achieve improvements in overall operations in Fiscal Year 2002. The comprehensive implementation of the System of Accounting and Reporting (SOAR) fixed asset module is proceeding smoothly. The monthly closings continue, with the March interim closing currently in progress. In July 2002 we plan to prepare the interim financial statements as of June 2002. The Accounting System Managers are providing training to agencies, and specific training is being conducted for the DC Public Schools (DCPS), while support to the central financial offices is ongoing. The Office of Pay and Retirement Services continues to meet all payrolls on time, while exploring new avenues for active payroll and pension management for agencies throughout the city. Finally, conversion to the new Comprehensive Annual Financial Report (CAFR) format as required by the Governmental Accounting Standards Board (GASB) Statement No. 34 is underway with assistance from consultants.

OFOS Programs

In FY 2003, a major challenge will be the preparation of the FY 2002 CAFR following the requirements of GASB Statement No. 34. This pronouncement changes the financial schedules, exhibits and transmittal letter presented in previous CAFRs. Other major changes for the CAFR will be as follows:

- a Management Discussion and Analysis (MD&A) section will provide a narrative report on the overall financial position and results of the previous year's operations;
- all capital assets will be reported in a government-wide Statement of Net Assets at historical or estimated historical costs, and depreciation expenses in the statement of activities;
- the focus will be on major individual funds rather than on fund types; and
- full accrual accounting will be used for all of the District's activities.

My office will present to the Council, during the last three months of this fiscal year, the status of the implementation of GASB 34 and how it will impact the presentation of FY 2002 CAFR.

In FY 2003 we will continue to provide general SOAR training for employees, as well as targeted training to assist agencies with their specific accounting requirements. Specialized training for DCPS, the Department of Employment Services, and the Department of Public Works is being conducted, and other training tailored to meet agencies' requirements is planned.

The Accounting Systems Manager program remains strong. ASMs are assigned to agencies, not only to advise on day-to-day recording of accounting transactions, but also to provide on-the-spot training. Throughout the interim and year-end closings, ASMs will review agencies closing packages with a view toward ensuring their completeness and accuracy. ASMs, along with other OFOS staff, have formed temporary trouble-shooting teams to assist specific agencies as required and/or requested. Although this assistance is usually provided on an emergency basis, and may be disruptive to other agencies in the short-term, it is proof of the value of having a pool of in-house financial and system experts from which to draw.

As we continue to routinely produce the CAFR, we are publishing interim and year-end closing instructions on the OCFO intranet, allowing agencies to electronically download instructions and submit the majority of requirements electronically. This method facilitates review of instructions by agencies and allows timely feedback from them for clarification and improvements. Additionally, training for interim and year-end closings will be conducted prior to the actual events.

The Office of Pay and Retirement Services is fully engaged with the consolidation of pay schedules and updating the payroll system to support payment from the revised schedules. OPRS continues its work with the US Treasury to implement a new pension system in early FY 2003. This division also is supporting the DCPS initiative to convert to its own payroll system in FY 2003. Along with DCPS officials, OPRS will support file review and conversion of individual employee payroll information to the new PeopleSoft system.

This concludes my formal testimony. I will be happy to answer any questions you or the other members may have.