

**PUBLIC OVERSIGHT HEARING**  
**ON**  
**AUDIT OF FEDERAL AWARDS PROGRAMS**

**Before the**  
**Committee on Public Services**  
**Council of the District of Columbia**  
**The Honorable David A. Catania, Chairman**

**November 17, 2003, 10:00 a.m.**  
**Council Chamber**



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

Good morning, Mr. Chairman and members of the committee. I am Natwar M. Gandhi, and I am the Chief Financial Officer for the District of Columbia Government. I am here this morning to provide a brief, general review of our work in the audit of federal awards, or grants, before Ben Lorigo of my staff testifies on the recent single audit in greater detail.

The Office of the Chief Financial Officer (OCFO) assumed full responsibility for the management of the single audit process from the Office of the Inspector General in FY 2001, based on my responsibility under section 126 of the FY 2001 District of Columbia Appropriations Act to report to Congress and the Council on the acceptance and use of grant funds. The office now headed by Mr. Lorigo began preparing for this responsibility in the spring of 2000.

Prior to our assumption of this responsibility, the single audit process had not been fully or effectively implemented, and, as a result, the District was not in compliance with applicable federal rules. Since then, our efforts have made the single audit process a reality and brought the District into compliance. Questioned costs were \$2.121 million in FY 2001 and \$2.118 million in FY 2002. We also have seen a decrease in the amount of grant lapse, from \$4.3 million (0.3 percent) in FY 2001 to \$2.8 million (0.2 percent) in FY 2002. Further improvements in grants management are planned.

Additionally, the Office of Budget and Planning (OBP) is making great progress with respect to its role in overseeing grants management in the District. For example, OBP is collecting and placing all award letters for grants in a database

that will be used to track grant end dates and identify grants that may lapse. The collection of this data will be compiled into a report we expect to issue by December 15, 2003. Also, beginning in November, OBP will send out monthly 30-, 60-, and 90-day grant alerts listing grants in danger of lapsing. This will keep the District from losing precious grant dollars and lessen the pressure on local dollars to make up the difference. The grant alerts will include the amount of funds still to be spent in each grant in danger of lapsing.

Other initiatives in OBP include: (1) grants management training for District agencies administering grants; (2) the development of a grants management manual designed to assist OBP staff and District agencies in their grants management services; and (3) the development of the role of the Grants Council to provide a central point where grants knowledge and activities will be shared and consolidated between financial and program staff. Lastly, OBP is establishing fiscal quality control checks by monitoring expenses and issuing quarterly reports that list under- and over-expenditures, with the first report due out in January 2004. This oversight service will assist in maximizing the expenditure of grants funds in the District.

My office has been in contact with the Office of the City Administrator to discuss citywide plans for enhancing agencies' performance in these areas, and we are confident that future improvements will be made. The OCFO looks forward to continuing to work with the Office of the City Administrator and you, Mr. Chairman, and the Council to manage these awards efficiently and effectively.

This concludes my testimony, Mr. Chairman. I would be pleased to respond to any questions you may have.