

**PUBLIC OVERSIGHT HEARING ON
THE FISCAL YEAR 2003 AND 2004 SPENDING AND
PERFORMANCE BY 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 25, 2004, 9:00 a.m.
Council Chamber, John A. Wilson Building**



**Testimony of
Anthony F. Pompa
Deputy Chief Financial Officer
Office of Financial Operations and Systems**

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

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 2003 and 2004 performance of OFOS.

FY 2003 CAFR — On Time and Unqualified

As usual, the Comprehensive Annual Financial Report (CAFR) was published timely with an unqualified opinion. Once again, the District issued its CAFR within its four month reporting deadline, a noteworthy accomplishment, but a routine event.

FY 2003 Accomplishments

The Office of Financial Operations and Systems (OFOS) began Fiscal Year 2003 (FY03), in the same manner it ended Fiscal Year 2002 (FY02), by looking forward to the closing of the accounting records, while simultaneously preparing the accounting records for the new fiscal year.

The monthly, interim and year-end closing instructions were posted on the OCFO Intranet. This enabled the financial managers throughout the District, at both agency and central office levels, to retrieve information and instructions electronically, and to complete the tasks as described therein and meet the deadlines required by the OFOS.

This office provided quality and professional financial management assistance to agencies throughout the District. The Accounting System Managers (ASM) program continued to provide invaluable assistance to agencies with the monthly, interim and year-end closing, and general training/advice on the recording of

business events in SOAR. This is supported by the fact that year-end closing assistance was limited in scope and was only required by the University of the District of Columbia (UDC). Additionally, ASMs served as members of “SWAT” teams providing on-site support for specific agencies, for example: assistance to D.C. Public Schools (DCPS) for payroll conversion; assistance to Mental Health Services with Medicaid; assistance to University of the District of Columbia (UDC) with intra-district processing, and review of a proposed automated accounting system that meets higher education reporting requirements; and designed special reporting templates/programs for the Office of Budget and Planning (OBP) and Office of Finance and Resource Management (OFRM), to meet the specific requests by the Council of the District of Columbia.

OFOS provided the appropriated fund processing/payments to the thirty-six Public Charter Schools throughout FY03. Working with the State Education Office (SEO), the D.C. Public Schools (DCPS), the two chartering authorities, OBP and OFT, OFOS transferred over \$100 million to individual school, on time, as required by law. Additionally, over \$2.1 million was recouped from charter schools as a result in enrollment adjustments and school closures, and returned to the District’s Treasury.

The Office of Pay and Retirement Services (OPRS) continued to provide excellent services to active and retired District employees, as well as annuitants of several federal agencies. During FY 2003, the District’s payroll and retirement staff ably assisted the Office of the Chief Information Office (OCIO) of the OCFO in migrating all District employees back to the legacy payroll system, UPPS, excluding DCPS.

Paying all District employees on time is another function, like the timely CAFR issuance, which hardly deserves any special recognition. But when one considers how manually intensive and paper-driven the processes are, and how little, if any advantage is taken of modern technology, the fact that no payrolls were missed or late is noteworthy. This is due in large measure to the behind-the-scenes “rescue” missions undertaken by OPRS to support District agencies on issues requiring immediate resolution to get the payroll out the door.

In August 2003, OPRS Implemented Phase II of the new PeopleSoft pension module “STAR” to replace the District’s legacy pension payroll system, in partnership with the US Treasury. Phase II added more than 10,000 annuitants consisting of judges, police, teachers and fire fighters who retired prior to July 1, 1997.

The OPRS Implemented Compensation 1 and 2 for all Collective Bargaining Units (unions); implemented Pay Progression (reduction in time for step increases for all union and non-union employees) and continued to provide support to the District wide automation initiative, the Administrative Services Modernization Program (ASMP). In conjunction with OCTO, was deeply involved in the selections of a new payroll system under the ASMP initiative

The OPRS Processed monthly annuity checks and issued over 16,000 IRS Form 1099-Rs to retired District police officers, firefighters, teachers, judges and federal government law enforcement officers (White House police, US Secret Service agents, and US Park Police). In support of active and retired employees, OPRS issued over 42,000 W-2 Wage and Earnings Statements, made over 7,000 third party payments, and processed over 20,000 supplemental payments.

The OPRS accomplished its mission in FY03 with the Deputy Director, OPRS, moving up and serving as the Acting Director, OPRS. The OPRS has not missed a payroll or any mission critical actions required of that office and the Acting Director, OPRS had done an excellent job.

FY 2004 Developments and Goals

Throughout FY 2004, we continue to seek improvements in overall operations.

The monthly closings continue and interim closings are planned for the end of March and June 2004. We are continually improving and automating the interim closing each time it is conducted.

The ASMs continue to provide and apply their expertise at the agency level, as well as at the central financial offices. This year they will continue training agency personnel both on-site and in the classroom during formal training sessions. This includes all training for PASS, the new procurement system under the ASMP initiative. The ASM will continue to play a major role with training for the District's ASMP initiative, specifically for the Human Resources and Payroll modules as they are implemented. Additionally, ASM assumed the lead in the training of staff on the "CFO Source" initiative and the new budget system initiative, Hyperion, initiated by the OCFO's OBP .

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 the agency level. It also enables the original SOAR help desk to become even more responsive to agency requirements.

For FY 2004, the Office of Pay and Retirement Services (OPRS) continues to serve all District employees, as well as annuitants of several federal agencies. OPRS supports the processing of six major payroll groups and numerous third party payments on a bi-weekly to bi-monthly basis.

Under the ASMP initiative, OPRS is working with OCTO and OCFO CIO to interface the Human Resources module of ASMP with the current UPPS system. This interface will allow the personnel system to interchange data with the current payroll system, until the ASMP payroll module is implemented in FY05. While UPPS is a combined personnel and payroll system, ASMP will not reach that level of integration until the Human Resources module and the Payroll module are both implemented.

Additionally, through OPRS, work continues with the U.S. Treasury to provide support to annuitants and to enhance the current retirement pay system. Planning for Phase III of the PeopleSoft implementation is ongoing, and when implemented, will bring on board the remaining District annuitant who retired since July 1, 1997. This group of annuitants whose payments have a split liability between US Treasury and the District; approximately 2,500 annuitants at this time.

Within its 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 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

capture more 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.

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