

**PUBLIC OVERSIGHT ROUNDTABLE ON
CONTRACTING AND PROCUREMENT
IN THE DISTRICT OF COLUMBIA**

**Before the
Committee on Government Operations
Council of the District of Columbia**

The Honorable Vincent B. Orange, Sr., Chairman

**December 9, 2005, 2:00 PM
Council Chamber, John A. Wilson Building**



**Testimony of
Anthony 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, Mr. Chairman and members of the committee. I am Anthony Pompa, Deputy Chief Financial Officer for the Office of Financial Operations and Systems in the Office of the Chief Financial Officer (OCFO). I am representing the Chief Financial Officer, Dr. Natwar Gandhi, who regrets he is unable to be here today. I am here to address, in broad terms, the District's use of direct vouchers, and to share with you the Chief Financial Officer's standards for due diligence in the procurement process.

I want to begin by defining a direct voucher. A direct voucher is a vehicle that allows the liquidation of a liability for the District in the accounting records (i.e., the System of Accounting and Reporting, or "SOAR"). It is used to pay vendors when it is not practical to have an obligation established by a contract or a purchase order. Acceptable uses for direct vouchers are defined under CFO Financial Management and Control Order No. 05-002, updated July 22, 2005.

There are 28 exceptions that allow for payment by direct voucher, including:

- settlements and judgment transactions;
- payments for court orders;
- court-ordered fines; and
- procurement due to emergencies from unanticipated and nonrecurring extraordinary needs, such as natural disasters, calamity or declared state of emergency.

While the CFO order provides for 28 exceptions, a District agency may request to use direct vouchers for a situation that is not listed in the CFO order. The District CFO has delegated the authority to review and approve or disapprove such agency

requests to me, in my capacity as the Deputy Chief Financial Officer for Financial Operations and Systems. It is important to note that if we find repeated use or suspect misuse of direct vouchers, we will stop an agency from further exercising this tool. We require a clear and strong defense of an agency's use of direct vouchers.

I want to stress further that the direct voucher process is not designed, nor intended, to circumvent the normal procurement and payment process for goods and services received by the District government. In the past, there were issues with maintaining the proper usage of direct vouchers, but the OCFO has taken steps to ensure that all OCFO staff are trained in the proper use of direct vouchers. Additionally, the OCFO has instituted a bi-weekly review and control process whereby each agency's use of direct vouchers is monitored, and inquiries or corrective actions can be addressed with specific agencies where there appears to be a direct voucher issue.

I want to be clear that compliance with the law with respect to payments is not an option. The Chief Financial Officer performs due diligence to ensure that all payments are appropriate, correct, and legal. That said, it is important to recognize that the OCFO is not a procurement shop, and we do not have procurement expertise. Our due diligence includes (but is not limited to) reviewing the certifications made by program officials, confirming there is a legal sufficiency certification by counsel (agency counsel, Office of Contracting and Procurement, or Office of the Attorney General), certifying the availability of funds, ensuring a proper contract exists, verifying there is a valid purchase order, checking to see if the required signatures are in place, etc.

Additionally, we are currently reviewing our processes and procedures with respect to direct vouchers. Beyond the bi-weekly review, we have a working group evaluating the payment process, and identifying whether additional resources are necessary to strengthen our controls and due diligence. We recognize that the procurement process has weaknesses, and, as such, the OCFO will continue to strengthen our due diligence in this area. We believe, however, it is important that the role of the OCFO is not overemphasized in addressing deficiencies in the procurement system. The goal, after all, is an effective and efficient procurement process – one that does not require additional layers of oversight to correct program deficiencies.

The proper expenditure of public funds is a core management responsibility. Accordingly, the District must focus not only on effective management systems and controls, but on improving program performance through management accountability.

I would be glad to answer any questions you or members may have at this time.

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