

**PUBLIC OVERSIGHT HEARING  
ON THE FY 2018 AND FY 2019  
SPENDING AND PERFORMANCE  
OF THE OFFICE OF  
THE CHIEF FINANCIAL OFFICER (OCFO)**

**Before the  
Committee on Finance & Revenue  
Council of the District of Columbia**

**The Honorable Jack Evans, Chairman**

**February 25, 2019, 10:00 a.m.  
Room 412  
John A. Wilson Building**



**Testimony of  
Jeffrey S. DeWitt  
Chief Financial Officer  
Government of the District of Columbia**

Good morning, Chairman Evans and Members of the Committee on Finance and Revenue. I am Jeff DeWitt, Chief Financial Officer of the District of Columbia. I am very pleased to appear before you today to testify on the FY 2018 performance of the Office of the Chief Financial Officer and outline my plans for the agency in FY 2019 and beyond. I am joined by Angell Jacobs, Deputy CFO and Chief of Staff, as well as other members of the executive team who will assist in answering any questions that the Committee may have.

The OCFO's FY 2017-FY 2021 Strategic Plan outlines the objectives and initiatives that will be the focus of our efforts over the next five years to advance our goal of being a best-in-class financial organization. I am pleased to report that we continue to make progress towards this goal. During my presentation today, I will highlight several of our most important initiatives and provide an update of our accomplishments.

Let me begin by thanking the employees of the OCFO for their hard work, dedication, and commitment to public service over the past year. Without them, none of these accomplishments would be possible. They play an integral role not only in the success of the strategic plan, but in moving our agency and the District forward.



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# OCFO Performance Oversight Hearing FY2018 and FY2019

Jeffrey S. DeWitt  
Chief Financial Officer  
February 25, 2019



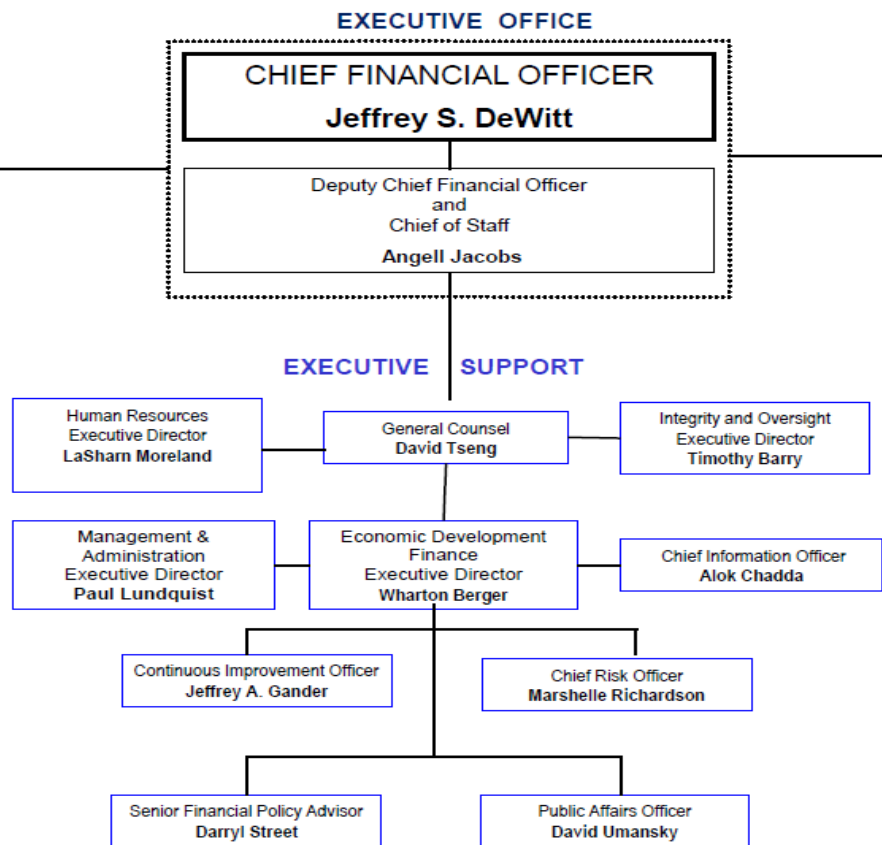
# Overview of the Office of the Chief Financial Officer

## CENTRAL FINANCIAL OPERATIONS - Deputy CFOs

- Office of Budget and Planning (OBP)  
Gordon McDonald
- Office of Finance and Treasury (OFT)  
Bruno Fernandes
- Office of Financial Operations and Systems (OFOS)  
Bill Slack
- Office of Revenue Analysis (ORA)  
Fitzroy Lee
- Office of Tax and Revenue (OTR)  
Keith Richardson

## Government of the District Columbia Office of the Chief Financial Officer

### Organizational Chart



## AGENCY FINANCIAL OPERATIONS - Associate CFOs

- Economic Dev. and Regulation  
Cyril Byron, Jr.
- Government Operations  
Angelique Hayes Rice
- Government Services  
George Dines
- Human Support Services  
Delicia Moore
- Public Safety and Justice  
David Garner
- Education  
Deloras Shepherd
- United Medical Center (Not-for-Profit Hospital Corporation)  
Lillian Chukwuma
- Lottery and Charitable Games  
Beth Bresnahan Executive Director
- EventsDC  
Henry Mosley

## Agency Fiscal Officers

- DCRA: Rebecca Berry
- DHCD: Beth Spooner
- DISB: Bright Anaiwe
- DMPEO: Curtis Lewis
- OPC/PCO: Gurneet Scoggins
- OCTFME: Casandra Fields
- OP: Doris Benson
- EOM/DCHR: James Hurley
- DCPL: Cheryllie Paçana
- DGC: Massimo Marchiori
- OAG: Shilonda Wiggins
- DOES: Natalie Mayers
- OFRM/OCP/ORM: Alemayehu Awais
- OCA: Paul Blake
- OCTO: Phil Peng
- DCOA: Paul Blake
- OSA: Fehlwot Dereso
- ODCA: Hussein Aden
- DDOE: Robert Jose
- DDOT: Calvin Skinner
- DMV: Ronald Pleasant
- DPW: Perry Fitzpatrick
- CPSA: Justin Kopca
- DDO/ODR: Janine Fletcher
- DHS: Hayden Bernard
- DBH: Joyce Jeter
- DOH: Adreana Deane
- DHCF: Darrin Shaffer
- DPR: Marjorie Edmonds
- DYRS: Antonio Baxter
- HBX: Marjorie Edmonds (HBX is an independent Agency)
- DOC: Antonette Hudson-Beckham
- FEMS: Dan Proudfoot
- MPD: Leroy Clay
- OCME/CJCC: Leatry Dixon
- OUC: Doug Kemp
- HSEMA: John Nitz
- DFS: Lorrelle Parker

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- OCME/CJCC: Leatry Dixon
- OUC: Doug Kemp
- HSEMA: John Nitz
- DFS: Lorrelle Parker

- UDC: Munetsi Musara
- DCPCSS: Marvin Cross
- DCPS: vacant
- OSSE: Paris Saunders

- OLCG: Craig Lindsey

## Why The OCFO Exists

“To ensure that the District of Columbia, the capital city of the United States, remains financially strong and sustainable to the benefit of all who live, work, visit, and do business here.”

- OCFO Value Statement

*“Each day, I will strive to provide the highest standard of service to the residents, businesses, visitors, and the government of the District of Columbia by being:*

*S - Service Driven with a Strong Work Ethic*

*M - Motivated and Mission Focused*

*A - Accountable*

*R - Respectful of My Customers and Co-workers*

*T - Trustworthy and Team-Focused*

*E - Empowered to Achieve Excellence*

*R - Results Oriented*





## OCFO Core Functions

The Independent Office of the Chief Financial Officer:

- Certifies budgets are balanced and financial statements are fairly represented
- Provides independent revenue estimates
- Monitors revenues and spending
- Evaluates fiscal impacts of all legislation
- Reviews all economic development projects
- Issues all debt, manages all investments, and oversees credit ratings
- Oversees tax collections and lottery
- Manages financial personnel (budget, accounting and payroll functions) in all agencies and component units



# OCFO Annual Agency Outputs

▪ Tax Returns Processed	999,014
▪ Tax Refunds Processed	303,461
▪ Taxpayer Calls Answered	234,899
▪ Written Correspondence Answered	60,995
▪ Deeds Recorded	18,191
▪ Properties Assessed (Commercial and Residential)	212,882
▪ Property Assessment Appeals-1st Level	11,234
▪ Delinquent Payments Collected	\$204,797,784



# OCFO Annual Agency Outputs (Cont.)

▪ Wires and ACH Processed	2,974,635
▪ Gross CCU Debt Collected (FY 2018)	\$35,539,921
▪ Total Debt Managed (FY 2018)	\$10,820,134,000
▪ Fiduciary Programs Managed (FY 2018)	\$4,008,618,852
○ OPEB Fund= \$1,462,029,859	
○ 401(a)= \$1,026,437,473*	
○ 457(b)= \$853,333,867*	
○ 529 College Savings=\$619,702,905	
○ UDC Endowment= \$45,361,176	
○ DC Library Trust=\$1,753,572	
▪ Payroll Payments Issued (Regular Employees Only)	978,786***
▪ Bank Reconciliations	5,100 (425 per month)
▪ W-2s Issued	43,316**
▪ 1099s Issued (1099 MISCs and 1099Rs** only)	8064
▪ Approximately 200 fiscal impact studies issued per year in addition to numerous other studies, reports, and analyses	

\* Unaudited

\*\*Reference – TAX915

\*\*\* This number represents the total of checks/ACHs an employee has received from the District for the calendar year. The number is extracted from the support for the Form 941 which is populated using the U.S. Summary Report generated by PeopleSoft after each payroll processing has completed. Does not include 332 checks generated during the year-end off-cycle payroll runs.



# Office of the Chief Financial Officer Strategic Plan

**MISSION**

To preserve and enhance the overall financial stability of the District by: 1. Protecting and enhancing the District's revenue stream; 2. Reliably estimating revenues; 3. Exercising budget oversight; 4. Preparing auditable financial statements; 5. Managing debt and bond ratings

**CORE OBJECTIVES**

Balanced Budgets

Clean Audits

Access to Quality  
Credit Markets

**STRATEGIC OBJECTIVES**

Improve Customer Service  
  
1

Create a Culture of Continuous Improvement  
  
2

Improve Transparency and Quality of Information  
  
3

Effectively Manage Risk to Prevent Fraud and Losses  
  
4

Implement Quality Financial Systems  
  
5

Develop, Attract and Retain Highly Qualified Employees  
  
6

Manage a Fair and Equitable System to Fully Collect District Revenues  
  
7

**STRATEGIC INITIATIVES**  
*(see attached work plans)*

- 1 *Continue implementation of a Modernized Integrated Tax System (MITS) to replace the current tax system (1,2,3,4,5,7)*
- 2 *Implement Telephony System 2.0 and integrate Telephony System with a Customer Relations Management System (CRM) for all areas of the OCFO (1,3)*
- 3 *Implement an enterprise-focused debt and revenue collection solution for management and collection of taxes, fees, and debts owed to the District (1,2,3,7)*
- 4 *Enhance current practices to strengthen internal controls and ensure compliance with applicable accounting, auditing, and legal standards (2,3,4)*
- 5 *Improve District-wide payment process to ensure more efficient and timely payments by all agencies (1,2,3,5)*

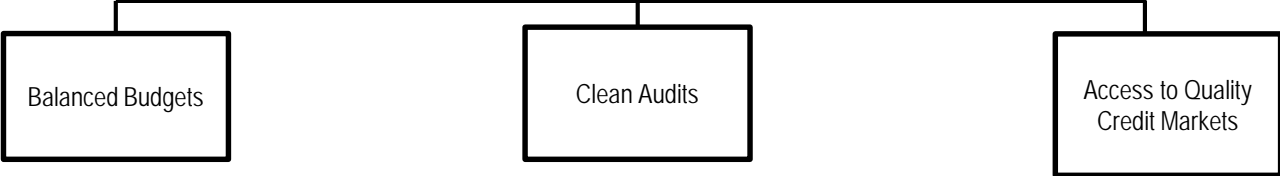
- 6 *Continue to enhance the long-range (15-year) capital financial plan for the District and develop a long-range capital plan for WCSA (EventsDC) (2,3)*
- 7 *Implement a new enterprise-wide accounting and financial reporting system and enhance the availability of information to the public (1,2,3,4,5,7)*
- 8 *Implement a culture of continuous improvement based on employee-driven process improvement teams (1, 2, 3, 4, 5, 6, 7)*
- 9 *Continue to implement DC Lottery "best practices" findings from 2016 study, where applicable, and expand base for retail products (1,2,7)*
- 10 *Develop and execute a plan with hospital board and DHCF to financially stabilize UMC (1,3,4,5)*

- 11 *Review investment systems and strategies to maximize revenues within investment policy guidelines (2,7)*
- 12 *Review and implement policies, systems, and processes to ensure debt compliance with increased local and federal debt regulations (2,3,5)*
- 13 *Upgrade policy analysis and forecasting tools for Real Property and Sales Tax revenue stream (2,3,)*
- 14 *Enhance existing employee development opportunities to ensure that our human capital has the critical skills to succeed in the OCFO's SMARTER culture (2,6)*
- 15 *Improve internal communications OCFO and District-wide by implementing dashboards, standardized reports, portals and newsletters (1,3)*

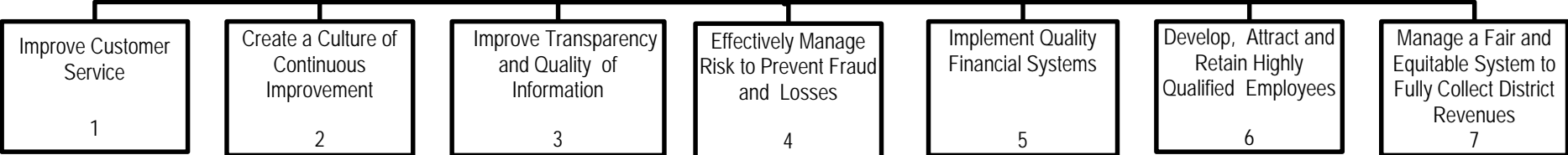
# Office of the Chief Financial Officer Strategic Plan

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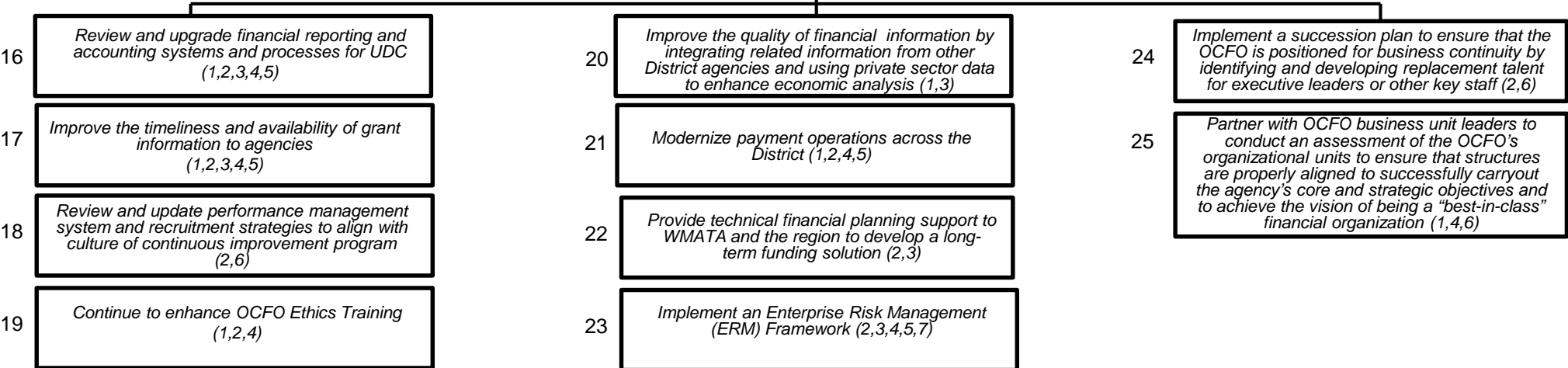
**CORE OBJECTIVES**



**STRATEGIC OBJECTIVES**



**STRATEGIC INITIATIVES**  
*(see attached work plans)*





## Strategic Objectives

### 7 Strategic Objectives:

1. Improve Customer Service
2. Create a Culture of Continuous Improvement
3. Improve Transparency and Quality of Information
4. Effectively Manage Risk and Prevent Fraud
5. Implement Quality Financial Systems
6. Develop, Attract, and Retain High Quality Employees
7. Manage a Fair and Equitable System to Fully Collect District Revenues



## Strategic Plan Highlights/Agency Accomplishments

- General Obligation bond rating upgraded to Aaa by Moody's and to AA+ by Fitch and Standard and Poor's providing the lowest cost borrowing in District history
- 4<sup>th</sup> consecutive year with no material weaknesses or significant deficiencies (No Yellow Book)
- E-Invoicing roll-out to all District Agencies completed October 1, 2018 allowing for full tracking of vendor invoices for better on-time payments (2 year project)
- Assisted jurisdictions in implementing the dedicated funding for METRO
- Implementation of program to tax digital goods (e-commerce) in compliance with Sales Tax Emergency Amendment Act of 2018 and consistent with Wayfair Decision from the U.S. Supreme Court



## Strategic Plan Highlights/Agency Accomplishments (Cont.)

- **Long Range Capital Financial Plan Updated**
  - 100% of District assets inventoried
  - Conditions assessments of all assets scheduled for completion in next 12 months
  - Progress from FY 2017:
    - ✓ \$5.7 billion of unfunded capital needs (\$4.2 billion of District needs, plus \$1.5 billion of potential public-private partnerships) reduced to \$3.3 billion overall.
    - ✓ \$1.2 billion of this amount is deferred maintenance, which is also fully addressed through increases in pay-go (cash) funding each year.

*The District has the most complete capital asset management system of any city or state in the country. This system has been noted by the bond-rating agencies as a key factor in the recent upgrade of the District's bonds.*



## Strategic Plan Highlights/Agency Accomplishments (Cont.)

- **Modernized Integrated Tax System (MITS)**
  - Phase IV implemented October 2018
    - Remaining taxes and fees such as:
      - Personal Property Taxes
      - Motor Fuel Taxes
      - Excise Taxes
      - Ball Park fees
      - Health Care Fees
  - Phases I through III completed in prior years included income, business, and sales tax modules

*This complex technology project that required 4 years to implement was on-time and below budget providing the opportunity to also replace the Real Property Tax System, which is scheduled to begin in the Spring of 2019*



## Ongoing and New Initiatives in 2019

- **Major Change Management effort within OTR (ongoing)**
  - Review of business processes to maximize new technology and tools
  - Development of Best-in-Class Key Performance Indicators to drive continuous improvement
  - Review and update of policies and procedures
  - Development of staff training programs for compliance division
  - Ongoing risk management assessments and testing

### Development of Center of Excellence

- Ensure that the system remains best-in-class
- Ensure appropriate investment in staff training and learning
- To be integrated with new Financial System implementation



## Strategic Plan Highlights/Agency Accomplishments (Cont.)

- **SOAR (Financial System) Modernization and Replacement**
  - Project to modernize/replace current budget and financial system and to implement a treasury management and grants management system
    - ✓ RFP for consulting services in progress (Implementer, IV&V, Change Management)
    - ✓ Project team being identified
    - ✓ Will roll-out in phases (I. Treasury; II. Budget; III. Financial cluster; IV. Grants)
    - ✓ Budget at \$205 million over 5 years





## Benefits of a Financial System Replacement (SOAR Replacement Project)

1. Improved data reliability
2. Improved controls for compliance
3. Better informed decision making
4. Less duplication of effort
5. Improved customer service/satisfaction
6. Improved productivity/efficiency
7. Reduced IT Maintenance costs
8. Reduced operating and labor costs
9. Increased integration with other systems
10. Elimination of over 300 shadow databases and spreadsheets throughout the organization

**The District has an aging legacy system with declining support resources (mainframe technicians and COBOL programmers) that is at risk of inadequate support services and cannot be upgraded to take advantage of the benefits of a modern system.**



## Strategic Plan Highlights/Agency Accomplishments (Cont.)

### Enterprise Risk Management (ERM) Initiative

Ongoing Focus to complete risk assessment began in FY 2017/18

- Proactively identifies and addresses organizational risks through:
  1. Organizational risk assessment
  2. Action plans developed and resources devoted to address identified risks
  3. Ongoing monitoring and emerging risk identification
- Benefits
  1. Risks are prioritized and specific mitigation strategies are developed to address issues before they occur.
  2. More efficient and effective use of resources



## Strategic Plan Highlights/Agency Accomplishments (Cont.)

### Value Based Culture Initiatives

- Performance evaluation system under revision to weigh evaluations 50% on SMARTER values and 50% technical to emphasize the importance of OCFO values
- Hiring and promotions practices refocused on ensuring SMARTER cultural value fit
- Manager and supervisor training underway
- Extensive executive discussions on the benefits of a strong organizational culture and development of enhancement programs.
- SMARTER Awards program



**QUESTIONS?**