

**PUBLIC OVERSIGHT HEARING
ON THE FY 2022 AND FY 2023
SPENDING AND PERFORMANCE
OF THE OFFICE OF
THE CHIEF FINANCIAL OFFICER (OCFO)**

**Before the
Committee on Business & Economic Development
Council of the District of Columbia**

The Honorable Kenyan R. McDuffie, Chairman

**February 22, 2023, 9:30 a.m.
Virtual Platform**



**Testimony of
Glen Lee
Chief Financial Officer
Government of the District of Columbia**

Good morning, Chairman McDuffie and Members of the Committee on Business and Economic Development. I am Glen Lee, Chief Financial Officer of the District of Columbia. I am very pleased to appear before you today to testify on the FY2022 performance of the Office of the Chief Financial Officer and outline my plans for the agency in FY 2023 and beyond. I am joined by Angell Jacobs, Deputy CFO (DCFO) and Chief of Staff, Carmen Pigler, DCFO and Treasurer, Keith Richardson, DCFO and Tax Commissioner, David Tseng, General Counsel, Paul Lundquist, Executive Director of Management and Administration, as well as other members of the executive team who will assist in answering any questions that the Committee may have.

During my presentation today, I will highlight several of our most important initiatives and provide an update of our agency's accomplishments as we continue to advance our goal of being a best-in-class financial organization.

I want to 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 our agency, but in the success of the District.



OCFO Performance Oversight Hearing FY 2022 and FY 2023

February 22, 2023



Presentation Overview

- OCFO Overview
- OCFO Purpose, Values, and Core Functions
- Key Performance Metrics for OCFO in FY 2022
- OCFO Strategic Plan
- Strategic Plan Highlights/Agency Accomplishments
- Ongoing and New Initiatives in FY 2023

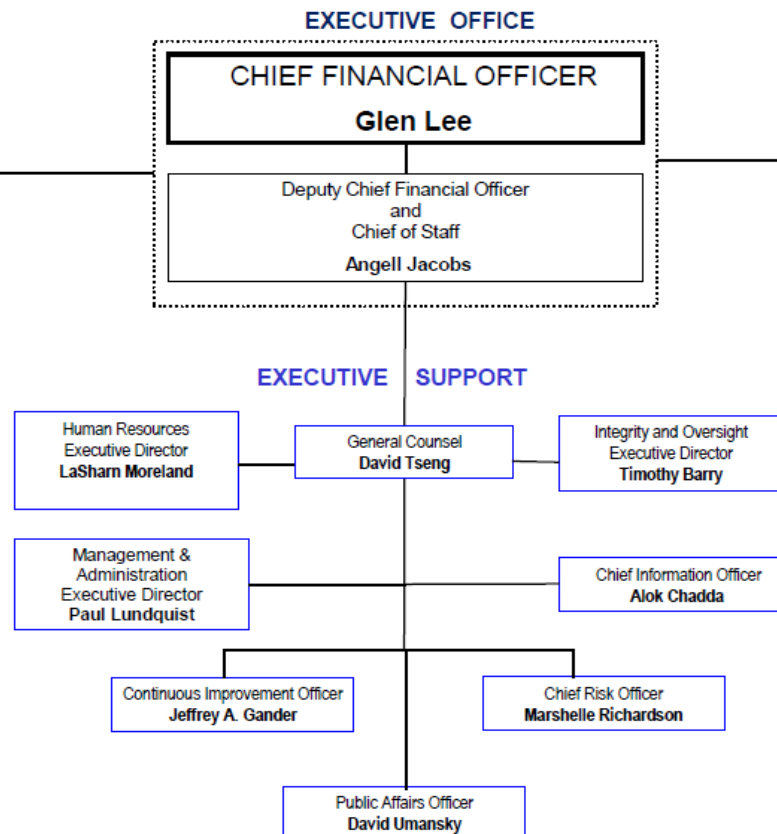


Overview of the Office of the Chief Financial Officer

CENTRAL FINANCIAL OPERATIONS - Deputy CFOs

- Office of Budget and Planning (OBP)
Eric Cannady
- Office of Finance and Treasury (OFT)
Carmen Pigler
- Office of Financial Operations and Systems (OFOS)
Kimberly Williams
- 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
Leroy Clay III
- Government Operations
Angelique Hayes Rice
- Government Services
George Dines
- Human Support Services
Delicia Moore
- Public Safety and Justice
David Garner
- Education
Paris Saunders, *interim*
- United Medical Center (Not-for-Profit Hospital Corporation)
Lillian Chukwuma
- Lottery and Gaming
Frank Suarez
Executive Director
- EventsDC
Henry Mosley

Agency Fiscal Officers

- DCRA/ABRA/OTA: Enyew Godie
DHCD/HPTF/RHC: Beth Spooner
DISB/CAH/DVPH: Dereje Belay
DMPED/DGLBD: Curtis Lewis
OP/PSG: Gurmeet Soogins
OCTM/E/OZ/RTAC: Cassandra Fields
OP: Doris Benson
EOM/DCHR: James Hurley
DCPL: Cheryl Pasana
DGS: Antoinette Hudson-Beckham
OAG: Natalie Mayers
DOES: Shilonda Wiggins
OFRM/OOPIORM: Alemayehu Awais
OCAD/ACLB/BOE: Paul Blake
OCTO: Phil Peng
OSA: Thanh Huynh
ODCA: Hussein Aden
DDOE: David Washington
DDOT: Calvin Skinner
DMV: Ronald Pleasant
DPW: Perry Fitzpatrick
CFSA: Justin Kopca
DOS/ODR: Anthony Young
DHS: Hayden Bernard
DH/DA/HHHS: Delicia Moore
DOH/OHR: Adreana Deane
DHCF: Darin Shaffer
DPR: Rosemarie Chee-Wah
DYRS: Antonio Baxter
HBX: Marjorie Edmonds
(HBX is an Independent Agency)
DOC: Anthony Norman
FEMS: Fretwot Deressa
MPD/CJCC: Shavonne Smith
OCME: Patrice Mason
OUC: Doug Kemp
HSEMA: John Nitz
DPS: Sabrina Cornelius
UDC: Roy Layne
DCPCS: Marvin Cross, Financial Mgr
DCPS: Kimberly Johnson-Miller
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 and activities (budget, accounting and payroll functions) in all agencies and component units



OCFO Annual Agency Outputs

■ Tax Returns Processed	1,206,671
■ Tax Refunds Processed	332,200
■ Taxpayer Calls Answered	274,566
■ Written Correspondence Answered	75,434
■ Deeds Recorded	16,000
■ Properties Assessed (Commercial and Residential)	207,109
■ Property Assessment Appeals-1st Level	12,488
■ Delinquent Payments Collected	\$256,064,164



OCFO Annual Agency Outputs (Cont.)

▪ Wires and ACH Transactions Processed	3,560,981
▪ Gross CCU Debt Collected	\$34,127,705
▪ Total Debt Outstanding ¹	\$12,388,521,000
▪ Fiduciary Programs Managed ²	\$5,009,871,532
○ OPEB Fund: \$1,650,287,153	
○ 401(a): \$1,242,463,949	
○ 457(b): \$1,118,750,425	
○ 529 College Savings: \$948,342,836	
○ UDC Endowment: \$48,247,422	
○ DC Library Trust: \$1,779,747	
▪ Value of Unclaimed Property Returned	\$27,204,495
○ Claims Processed: 4,235	
▪ Payroll Payments Issued ³	989,238
▪ Bank Reconciliations	5340
▪ W-2s Issued (CY 2022)	46,428
▪ 1099s Issued (1099 MISC, 1099 NEC, and 1099Rs** only) CY2022	8044
○ 1099 MISC: 943	
○ 1099 NEC: 3,534	
○ 1099R: 3,567	
▪ Approximately 150 fiscal impact studies were issued during calendar year 2022, in addition to numerous other studies, reports, and analyses	

1. Total debt outstanding as of September 30, 2022

2. Fund balances as of September 30, 2022

3. This number represents the total of checks/ACH employees 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 is completed. Does not include checks generated during the year-end off-cycle payroll runs.



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

Office of the Chief Financial Officer Strategic Plan

Chart 1 of 2

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 EventsDC, and develop a long-range capital financial plan for DCHA (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)

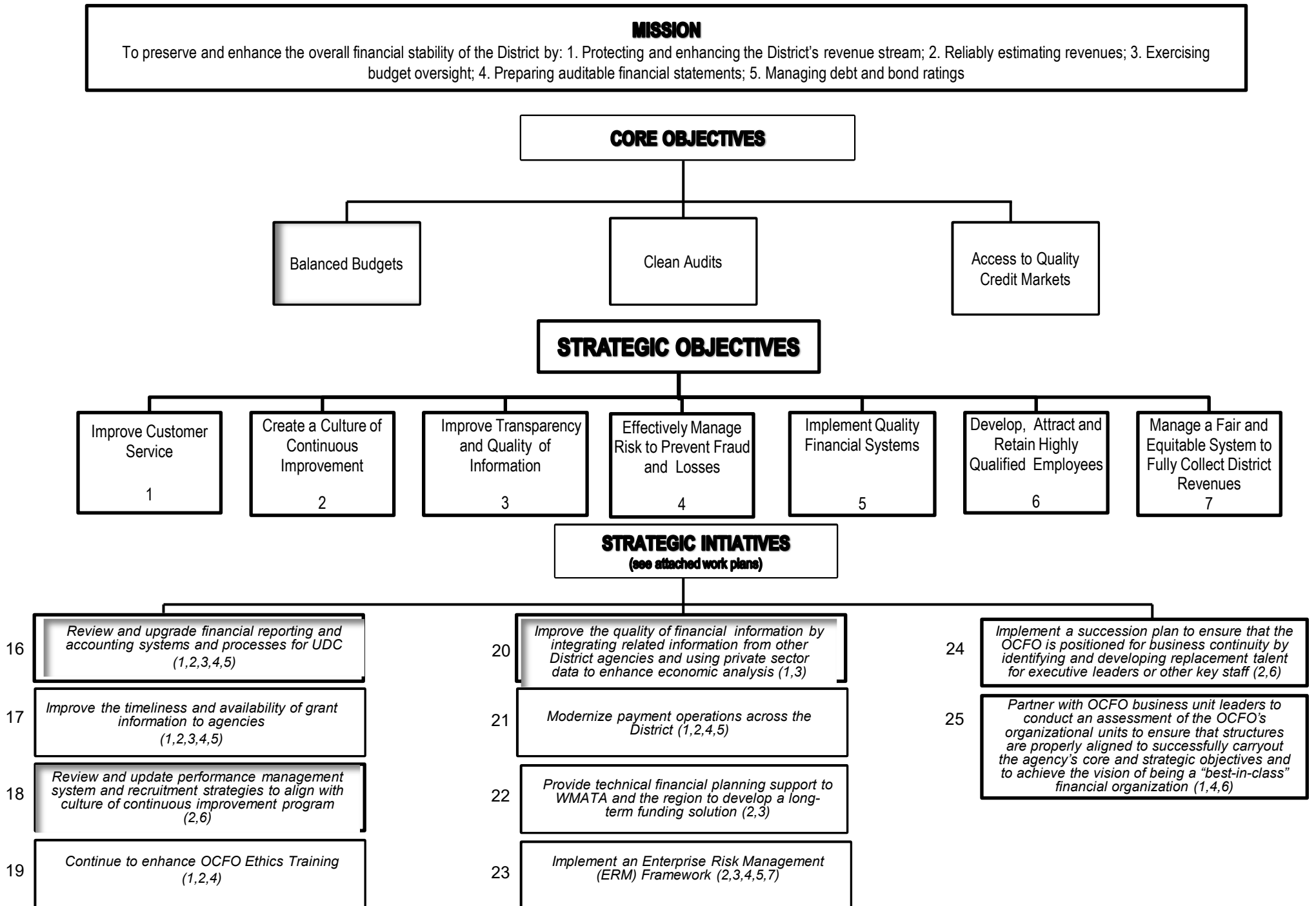
13 Upgrade policy analysis and forecasting tools for Real Property and Sales Tax revenue stream (2,3,)

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

Chart 2 of 2





Agency Accomplishments

- 26th consecutive year of unmodified “clean” audit opinion
- General Obligation bond rating of Aaa by Moody’s and AA+ by Fitch and Standard and Poor’s; Income Tax Secured bond rating of AAA by Standard and Poor’s, Aa1 by Moody’s and AA+ by Fitch providing the lowest possible cost of borrowing for the District



Agency Accomplishments

- Issued a total of \$2.77 billion in General Obligation and Income Tax-supported bonds in FY22 to pay capital expenditures, restructure existing debt, and refinance outstanding debt
 - ✓ New money issuance - \$1.54 billion
 - ✓ Refunding issuances yield \$141.8 million in debt service savings on existing debt
 - ✓ 1.42 billion IT issuance, largest in District history
- CARSS & Long-Range Capital Financial Plan Updated
 - ✓ \$14.47 billion of total identified capital needs, \$10.93 billion addressed in current CIP (FY 2023-2028), with \$3.54 billion of remaining unfunded capital needs.
 - ✓ \$1.45 billion of unfunded needs has been identified as deferred maintenance that can be funded as early as FY 2032 if no new additional capital projects are added before addressing current unmet needs.



Agency Accomplishments

Taxpayer Outreach and Communication

- Outreach efforts – OTR's Customer Service, Real Property, and Clean Hands Units conducted outreach events targeting taxpayers and fee payers regarding:
 - Refundable credits, such as the Earned Income Tax Credit and the Schedule H property tax credit
 - The process for obtaining a Certificate of Clean Hands
 - How to properly report rental income
 - Business tax basics– including how to use MyTax.DC.gov, the importance of registration, common tax types, and common mistakes
- Communications efforts – Improved abilities to inform taxpayers of tax liabilities and specific deadlines
- Supplemental Call Center Support



On-Going and New Initiatives in 2023

Tax System Center of Excellence (TSCOE)

Improve Taxpayer Experience

- Implementation of Cloud-based Contact Center as a Service (CcaaS)
- Expanded offerings on mytax.dc.gov ex: QR code, documentation submission, electronic filings, etc.
- Mobile Assessor implementation for Field Assessor Productivity



Ongoing and New Initiatives in 2023

Value-Based Culture Initiatives

- Introduced “Tapestry”, a diversity and inclusion initiative that further supports our mission and SMARTER values.
 - Intended to educate, enhance and celebrate the diversity of the OCFO staff.
 - Dedicated intranet webpage
 - Recently launched web-based training for staff



On-Going and New Initiatives in 2023

Implementation of District Integrated Financial Systems (DIFS)

- DIFS replaces systems for:
 - Accounting, budget management, and financial reporting
 - Payment processing
 - Budget development
- Oracle cloud-based financial system to replace functionalities of SOAR and the Budget Formulation Application (BFA)
- SOAR system was obsolete, without support, and at substantial risk of failure
- Go-live of financial system and payment system occurred October 3, 2022
- Budget formulation scheduled to go live in October 2023 to support the formulation of the FY 2025 budget
- To date, DIFS has processed over 71,000 payments for over \$5 billion



On-Going and New Initiatives in 2023

DIFS Implementation Status

- DIFS was implemented on-time and on-budget
 - Financial system implementations are difficult, and challenges remain for DIFS
- System implementation focuses on 3 areas:
 - Business process design
 - System configuration and operation
 - Preparing staff for changes in business processes and system operations
- Business Process Design Challenges – resolved
 - Payroll – some payments to benefit firms were delayed in late fall
 - Redesigned component of payroll processing to address the issue
 - General Procurement – information on certain purchases was not processed between PASS and DIFS properly
 - OCFO and OCTO have implemented daily reconciliation processes to ensure transactions are properly moving between the two systems
 - Payment processes – payments with specific attributes did not process properly between DIFS and the new payment processing system
 - Daily reconciliation processes catch any further disruptions



DIFS Implementation Status (continued)

- Business Process Design Challenges – evolving
 - Supplier Registration Issues – Acquiring updated/additional supplier information
 - Reporting – Continue to prioritize and build required reports for compliance purposes
- Training – evolving
 - Supplier Registration Issues – providing additional training to users to ensure data is continuously updated
- Complete OCFO/District effort
- Stabilization Time Frame: Full stabilization completed after the full fiscal cycle
 - Includes successful completion of ACFR with clean audit and Budget document completed.
 - Reminder: Total budget need remains at \$205 million
 - *\$15M was removed from the project as part of the FY 2021 – FY 2023 approved budgets. If not restored, it will impact the implementation of the budget system and the production of budget books.*



QUESTIONS?