

**BUDGET HEARING**

**ON**

**THE FISCAL YEAR 2014 BUDGET REQUEST  
OF THE  
OFFICE OF THE CHIEF FINANCIAL OFFICER**

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

**The Honorable Jack Evans, Chairperson**

**April 30, 2013  
John A. Wilson Building, Room 500**



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

Good morning Chairman Evans and members of the Committee on Finance and Revenue. My name is Anthony F. Pompa and I am the Deputy Chief Financial Officer for the OCFO's Office of Financial Operations and Systems (OFOS). I am here today to present testimony on the FY 2014 budget request for OFOS as well as other related matters.

### **OFOS Operations**

OFOS is primarily responsible for maintaining the District's general ledger, producing the District's Comprehensive Annual Financial Report (CAFR), and administering the District's payroll and retirement systems. To fulfill these responsibilities, OFOS is divided into two functional areas: the Controller's Office and the Office of Pay and Retirement Services.

### **Controller's Office**

Two OFOS divisions, *Accounting Operations* and *Financial Control and Reporting*, are responsible for maintaining the District's general ledger (official financial database) with a goal of ensuring that timely and accurate information is available to District stakeholders. The Accounting Operations Division analyzes and adjusts certain general ledger accounts for accuracy; reconciles cash and investment account balances; maintains the vendor database; and prepares payroll tax filings. The Financial Control and Reporting Division (FCRD) analyzes and

adjusts financial data; provides guidance to agencies on the proper recording of transactions; serves as the primary point of contact with various auditing teams; and prepares the District's CAFR. The FCRD also provides training on the District's financial management systems, offers assistance to agencies through the SOAR Help Desk, and maintains security for all financial system applications.

OFOS's Policies and Procedures Division manages the development, update, and maintenance of the District's Financial Policies and Procedures Manuals. This division serves to lay the groundwork for establishing and maintaining standardization of accounting practices on a District-wide basis. The efforts of OFOS's Policies and Procedures Division help to strengthen internal controls; ensure compliance with applicable laws, regulations, and standards; and enhance the overall efficiency and effectiveness of the District's financial operations.

#### OPRS Functions

The Office of Pay and Retirement Services (OPRS) ensures that the District's workforce and annuitants are paid timely and in accordance with applicable compensation rules. During FY 2012, OPRS processed two bi-weekly payrolls and one semi-monthly payroll for approximately 32,000 active employees and one monthly annuity payroll for approximately 3,800 federal annuitants. These payrolls are processed using two different payroll systems, the PeopleSoft Payroll

System for active employees and the Pension Automated Payroll System (PAPS) for federal annuitants.

OPRS continues to expand and make available PeopleSoft capabilities that may be utilized by District employees by accessing the Employee Self Service System (ESS). Employees can log into the PeopleSoft system from any computer with Internet connections to: view and print current and prior pay period earning statements, enter time worked (which still must be approved by their supervisor), and print their calendar year W-2 Wage and Tax Statement. The ESS features allow employees to perform a variety of actions such as: start/stop/change allotments; change withholdings for Federal and State taxes; designate dollar amounts for contribution to the District's 457 Deferred Compensation Plan; change their home address and update other personal information regarding self and/or dependents.

### **FY 2014 Operating Budget Request**

OFOS is requesting a total budget of \$ 12.7 million and 97 full-time equivalents (FTEs) to support the Controller and Pay and Retirement operations. OFOS's overall FY 2014 budget request is approximately \$1.6 million more than the budget for FY 2013, which represents an increase of approximately 14%. The budget increase is needed to support the additional FTEs for the new central

Capital Assets Management unit. The number of FTEs requested for FY 2014 has increased by 5 (4 FTEs in the Controller's Office operations and 1 in Payroll Operations) from the approved FTE level for FY 2013.

### **FY 2013 Accomplishments**

OFOS continues to assess its operations and as deemed necessary, implements measures to enhance operational efficiency and effectiveness, and reliability of financial reporting. Through such internal assessments, OFOS has been able to make significant improvements and accomplish much during the first half of the current fiscal year. Some of these accomplishments include the following:

- The FY 2012 annual close process was completed timely with no major delays. Improved efficiency in the overall annual close process continued to be noted by OFOS, due in large part to agencies focusing more on general ledger "clean-up" during the June interim close.
- The FY 2012 Comprehensive Annual Financial Report (CAFR) was completed on-time with a clean audit opinion.
- The FY 2012 Yellow Book Report once again contained no material weaknesses. However, this report did present significant deficiencies in four areas: general information technology controls, procurement and disbursement controls, tax revenue accounting and reporting, and financial

reporting for capital assets. We are confident that the ongoing remediation process will adequately address the reported deficiencies.

- OPRS, the DC Department of Human Resources (DCHR) and the Office of the Chief Technology Officer (OCTO), continue to assist the Office of Risk Management (ORM) in the implementation of the District's Workers' Compensation Services in PeopleSoft. However, the implementation has been placed in a holding status pending ORM's procurement of a Third Party Administrator for the program.
- With respect to processing payments to federal annuitants, OPRS began efforts to convert the Federal Police from the legacy PAPS system to PeopleSoft. In addition, OPRS has developed plans for converting 40 years of payroll data stored on microfiche to a portable document format that can be easily accessed electronically by multiple users. This conversion is needed to reduce the costs associated with retaining historical data.
- Approximately 96% of all District employees now receive their pay through direct deposit. As a result, the cost of distributing paychecks to employees has been significantly reduced because the amount of paper used and mailing costs (postage) have declined significantly. OPRS continues to encourage all District employees to shift from receiving a paper check to direct deposit.

Mr. Chairman, this concludes my testimony. I would be happy to answer any questions that you or other members of the Committee may have at this time.