

**PUBLIC OVERSIGHT HEARING
ON THE FY 2017 AND FY 2018
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 28, 2018, 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 2017 performance of the Office of the Chief Financial Officer and outline my plans for the agency in FY 2018 and beyond. I am joined by members of the executive team of the OCFO 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.



OCFO Performance Oversight Hearing FY2017 and FY2018

Jeffrey S. DeWitt
Chief Financial Officer
February 28, 2018



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)
Jeffrey Barnette

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

EXECUTIVE OFFICE

CHIEF FINANCIAL OFFICER
Jeffrey S. DeWitt

Deputy Chief Financial Officer and Chief of Staff
Angell Jacobs

EXECUTIVE SUPPORT

Human Resources
Executive Director
LaSharn Moreland

General Counsel
David Tseng

Integrity and Oversight
Executive Director
Timothy Barry

Management & Administration
Executive Director
Paul Lundquist

Economic Development Finance
Executive Director
Wharton Berger

Chief Information Officer
Alok Chadda
(interim)

Continuous Improvement Officer
Jeffrey A. Gander

Chief Risk Officer
Marshelle Richardson

Senior Financial Policy Advisor
Darryl Street

Public Affairs Officer
David Umansky

AGENCY FINANCIAL OPERATIONS - Associate CFOs

Agency Fiscal Officers

Economic Dev. and Regulation
Cyril Byron, Jr.

DCRA: Rebecca Berry
DHCD: Beth Spooner
DISH: Bright Anawie
DMPED: Curtis Lewis
DPCFSC: Gurneet Scoggins
OP: Doris Benson

Government Operations
Angellique Hayes Rice
(interim)

EDMOCHR: James Hurley
DCPL: Tamara Robinson
DGS: Massimo Marchioni
DAG: Shonda Wiggins
DOES: Natalie Mayers
DFRMOCPIORM: Alemayehu Awais
DCA: Paul Blake
DCTO: Phil Fung
DCOA: Michael Bolden (interim)

Government Services
George Dines

DDOE: Robert Jose
DDOT: Cahan Spinner
DMV: Ronald Pleasant
DPW: Perry Fitzpatrick

Human Support Services
Delicia Moore

DFSA: Justin Kopeck
DOSBOR: Janna Fletcher
DHS: Hayden Bernard
DHR: Joyce Jeter
DOH: Andriana Deane
DHCF: Darin Shaffer
DPR: Marjorie Edmonds
DPRS: Antonio Eader
HEX: Kara Onizuka
(HEX is an independent agency)

Public Safety and Justice
Shelly Graham
(interim)

DOC: Antonette Hudson-Beckham
FEMS: Dan Proudfoot
MFD: Lenny Clay
OCME/CJC: Leashy Dean
OUC: Doug Kump
HSEMA: John Hitz
DFS: Lorette Parker

Education
Deloras Shepherd

LDC: Shaina Cooper
DCPCS: Marvin Cross
DCPS: James Dougherty
DSSE: Paris Saunders

United Medical Center
(Not-for-Profit Hospital Corporation)
Lillian Chukwuma

Lottery and Charitable Games
Beth Bresnahan
Executive Director

OLCG: Craig Lindsey

EventsDC
Henry Mosley

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

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 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)

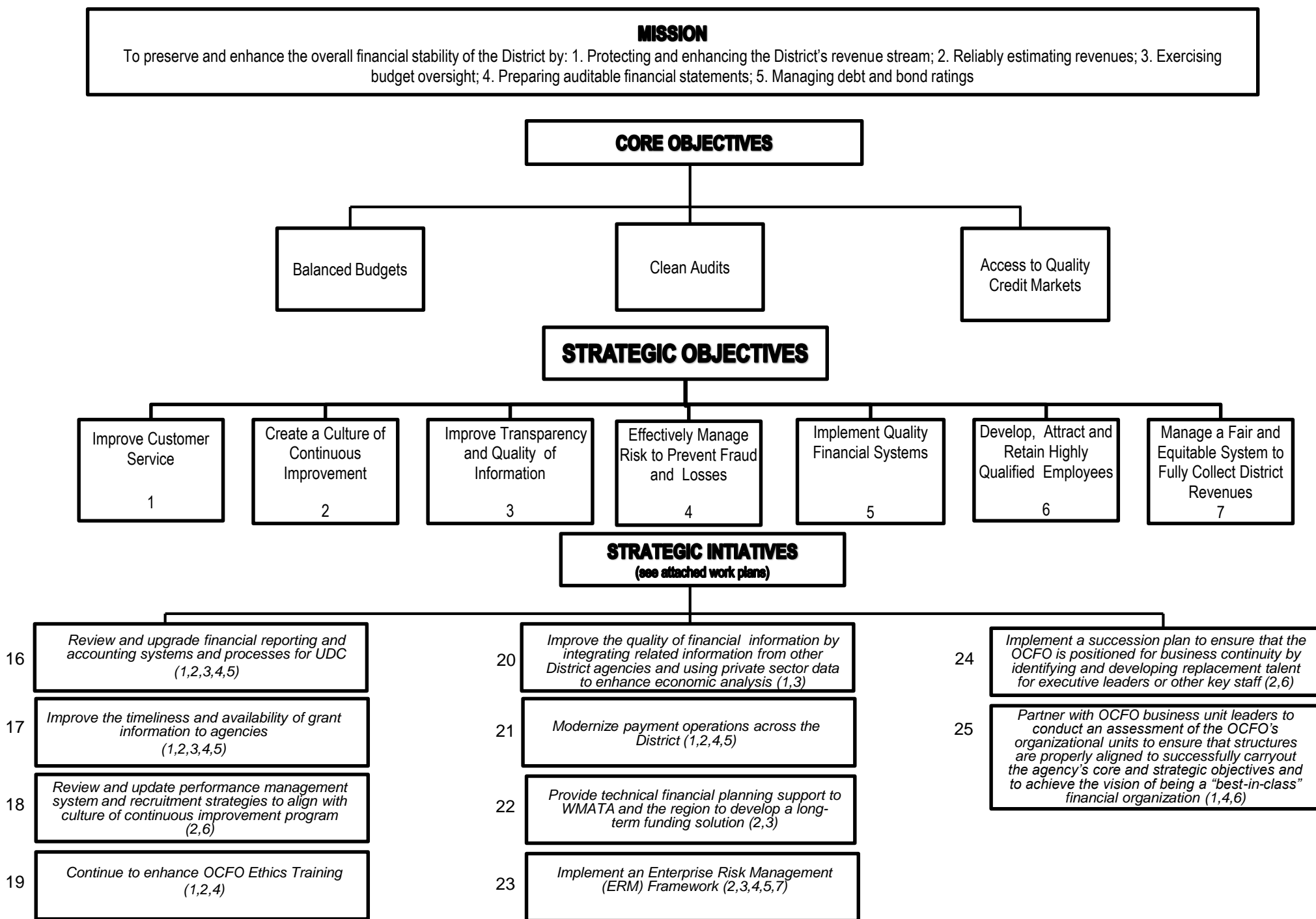
13 Upgrade policy analysis and forecasting tools for Real Property and Sales Tax revenue stream (2,3,)

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

Chart 2 of 2





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

- 3rd consecutive year with no material weaknesses or significant deficiencies (No Yellow Book)
- General Obligation and Income Tax Bond Ratings remain strong (AA to AAA)
- Eliminated short-term borrowing for cash flow purposes (No Tax Revenue Anticipation Notes)
- Implementation of New Financing Instruments
 - Short-term Revolving Line of Credit
 - Commercial Paper
- Transitioned to a new 529 and ABLER administrator (Ascensus)
 - Manages thirty-five 529 plans across 19 states and 13 ABLER plans
 - Lower fees and extensive experience



Strategic Plan Highlights/Agency Accomplishments (Cont.)

- 2nd District of Columbia Investor Conference
- E-Invoicing Project
- Comprehensive Analysis of Recent Federal Tax Law Changes
- Prepayment of TY 2018 Real Property Taxes



Strategic Plan Highlights/Agency Accomplishments (Cont.)

- Long Range Capital Financial Plan Benefits
 - 96% of District assets inventoried
 - Ongoing condition assessment of all assets
 - Develop and prioritize the District's Capital Improvement Plan (CIP)
 - Determine WMATA's asset replacement and maintenance needs along with required funding
 - Developed a long-range (20-year) capital financial plan for the Washington Convention Center



Strategic Plan Highlights/Agency Accomplishments (Cont.)

- Modernized Integrated Tax System (MITS)
 - Phases I through III (income, business, and sales tax modules) successfully implemented
 - Benefits
 1. Comprehensive integration of customer records
 2. Improved notices/information to customers
 3. Enhanced fraud detection
 - Phase IV to be implemented October 2018
 - Remaining taxes and fees such as:
 - Personal Property Taxes
 - Motor Fuel Taxes
 - Excise Taxes
 - Ball Park fees
 - Health Care Fees



Strategic Plan Highlights/Agency Accomplishments (Cont.)

- Phase V-Real Property Billing System
 - Site visits completed
 - Technical requirements developed
 - Procurement-Summer 2018
- Phase VI-Post Implementation Integration of Change Management and Center of Excellence



Strategic Plan Highlights/Agency Accomplishments (Cont.)

- Major Change Management effort within OTR
 - Phase I-Compliance Administration
 - Largest OTR division
 - Evaluation of business units
 - Review of business processes to maximize new technology and tools
 - Review and update of policies and procedures
 - Skills assessment and enhanced training for staff

Completion Timeframe: 18 months

- Phase II-All Other Administrations
 - Customer Service
 - Real Property Tax
 - Returns Processing
 - Revenue Accounting
- Phase III-Center of Excellence
 - Ensure that the system remains best-in-class
 - Ensure appropriate investment in staff training and learning
 - Forecasts the required level, mix and timing of knowledge and skills to meet MITS Center of Excellence objectives



Strategic Plan Highlights/Agency Accomplishments (Cont.)

Enterprise Risk Management (ERM) Initiative

- 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.)

- SOAR Replacement
 - Project to modernize/replace current budget and financial system
 - Completed comprehensive analysis of resources needed
 - Capital funding \$112M; requires approximately 50 FTEs devoted to the project and cooperation from all District agencies for successful implementation
 - Currently procuring consulting services for comprehensive requirements document



QUESTIONS?