

**TESTIMONY
OF
Yolanda Branche
DISTRICT OF COLUMBIA AUDITOR**

**FISCAL YEAR 2013 BUDGET HEARING
COMMITTEE OF THE WHOLE
COUNCIL OF THE DISTRICT OF COLUMBIA
April 27, 2012
10:00 a.m.**

CHAIRMAN BROWN AND MEMBERS OF THE COMMITTEE OF THE WHOLE: thank you for the opportunity to present testimony on the proposed Fiscal Year 2013 budget for the Office of the District of Columbia Auditor (ODCA). I am Yolanda Branche, District of Columbia Auditor. Accompanying me is Mr. Lawrence Perry, Deputy District of Columbia Auditor, and Mr. Hussein Aden, Senior Financial Auditor and Agency Financial Officer.

In my testimony, I will briefly address the proposed Fiscal Year 2013 budget and staffing for the Office of the D.C. Auditor.

Mission of the Office of the District of Columbia Auditor

The mission of the Office of the District of Columbia Auditor is to assist the Council in performing its responsibilities by auditing the accounts and programs of the District to ensure that effective programmatic and budgetary decisions are made. The Office of the D.C. Auditor examines the use of public funds, evaluates District government programs and activities, and provides analyses and recommendations to assist the Council in making effective oversight, programmatic and budgetary decisions. Through our audit work, we seek to ensure that the District government's operations, programs, and activities are conducted economically, efficiently, effectively, and in compliance with applicable laws, regulations, and rules. Underlying this mandate is our responsibility to be alert to instances of fraud, waste, abuse and mismanagement of District resources.

The Office of the D.C. Auditor (ODCA) currently is mandated to conduct 27 audits. 12 of 27 audits must be completed annually. 4 of the mandated audits must be completed biennially and 4 audits must be completed triennially. 7 of the 27 statutory audits are conducted upon request. As in Fiscal Year 2012, the performance plan for the ODCA for Fiscal Year 2013 requires ODCA to issue 45 audit reports. The issuance of 45 annual audit reports represents a 33% increase over the 30 annual audit reports that the performance plan called for ODCA to issue in Fiscal Year 2011. While our audit work plan for Fiscal Year 2012 calls for the issuance of 45 audits, ODCA must be able to respond to requests from members of the Council for audits. To date, in Fiscal Year 2012 we received 8 requests from Council members for audits.

ODCA's FY 2013 Budget Proposed by the Mayor

While the demand for audit reports has increased, the number of FTEs for the Office of the D.C. Auditor has decreased. ODCA's locally funded Fiscal Year 2013 budget proposed by the Mayor of the District of Columbia is \$3,751,980 with 32 FTEs. The Fiscal Year 2012 budget for ODCA included 32 FTEs. However, to cover an unfunded Fiscal Year 2013 rent increase of \$74,000 and a portion of the cost of outsourcing certain financial oversight functions of Advisory Neighborhood Commissions, there will be a reduction of 2 FTEs between Fiscal Year 2012 and the proposed budget for Fiscal Year 2013. Between Fiscal Year 2011 and Fiscal Year 2012 ODCA's rent increased by \$188,438 in addition to a \$150,000 gap closing budget reduction initiative in Fiscal Year 2012. The \$188,438 rent increase was not funded in the Fiscal Year 2012 budget. In order to cover this unfunded rent increase and gap closing budget reduction, ODCA eliminated 3 FTE positions.

Additionally, to address the rent increase and gap closing budget reduction, we also significantly reduced our non personnel service budget. For example, we reduced our supply budget by 47%, from \$17,000 in Fiscal Year 2011 to \$9,000 in Fiscal Year 2012 and significantly reduced our contractual services budget by 81% from \$88,120 in Fiscal Year 2011 to \$16,740 in Fiscal Year 2012. Our contractual services budget will be further reduced by 58% to \$7,000 in the proposed Fiscal Year 2013 budget. Without a funding increase for contractual

services, ODCA will not have adequate funding to contract for specialized services such as revenue analysis and statistical analysis to support our audits.

Our budget for other services, which includes training, was reduced by 50%, from \$61,015 in Fiscal Year 2011 to \$31,501 in Fiscal Year 2012. The proposed budget for Fiscal Year 2013 includes \$32,000 for other services. Without adequate funding for training, ODCA will be unable to ensure compliance with requirements under the generally accepted government auditing standards established by the Comptroller General of the United States.

Although our proposed budget for Fiscal Year 2013 appears to include an increase of 1.8% from Fiscal Year 2012, excluding intra-district funding, in reality our overall budget was reduced from Fiscal Year 2012 to Fiscal Year 2013 by \$261,887 as a result of the unfunded rent increases. The Fiscal Year 2011 budget included \$307,113 for rent. In Fiscal Year 2012 rent increased by \$188,438 to \$495,551. Since the \$188,438 increase in rent was unfunded, ODCA eliminated 1 FTE and incurred non personnel services budget reductions to pay the additional cost. In Fiscal Year 2013 the rent increased by \$73,449 to an annual total of \$569,000. In Fiscal Year 2013 to cover the cost of rent, ODCA will continue to pay the cost of the \$188,438 from the unfunded Fiscal Year 2012 rent increase and the \$73,449 unfunded Fiscal Year 2013 rent increase for a total of \$261,887 due to unfunded rent increases.

Despite significant reductions in FTEs, unfunded rent increases and reductions in our budget for non personnel services, ODCA will continue to diligently work to meet our performance goal of issuing 45 audit reports in Fiscal Year 2013. However, with greater focus on ethics and requests for complex audits and analysis, the proposed Fiscal Year 2013 local fund budget of \$3.75 million will make it extremely difficult for ODCA to respond to Council audit requests in a timely manner, devote the necessary resources to preparing in-depth audits and analysis, issue mandated audit reports and comply with continuing professional education requirements.

A budget increase of \$675,000 for Fiscal Year 2013 would provide ODCA with the necessary resources to meet the expectations of the Council and residents by issuing relevant, comprehensive audit reports. We will also be able to meet the Fiscal Year 2013 performance plan goal. Additionally, a Fiscal Year 2013 budget of \$4.42 million would permit to ODCA hire 4 additional FTEs and comply with professional education requirements.

Chairman Brown and members of the Committee, thank you again for the opportunity to appear before you. We will respond to any questions at this time.

#####