

TESTIMONY
OF
LAWRENCE PERRY
DEPUTY DISTRICT OF COLUMBIA AUDITOR
COMMITTEE ON BUSINESS, CONSUMER AND REGULATORY AFFAIRS
COUNCIL OF THE DISTRICT OF COLUMBIA
JULY 10, 2015

CHAIRMAN ORANGE AND MEMBERS OF THE COMMITTEE ON BUSINESS, CONSUMER AND REGULATORY AFFAIRS: I am Lawrence Perry, Deputy Auditor, presenting testimony on behalf of the Office of the D.C. Auditor. I am joined by D.C. Auditor Kathy Patterson, who is happy to respond to any questions you may have for her. We thank you for the opportunity to appear before the Committee to discuss required SBE expenditures of District agencies.

As you know, our report issued on May 21, 2015 detailed District of Columbia agencies' compliance with Small Business Enterprise expenditure goals through the 2nd quarter of Fiscal Year 2015. The purpose of the report was to determine whether District agencies were on target to meet the required goal of procuring 50% of their expendable budgets with Small Business Enterprises in fiscal year 2015 and evaluate District agencies' compliance with SBE goal establishment and expenditure reporting requirements.

For 76 of the 82 agencies, we reviewed their SBE expenditures using the District's System of Accounting and Reporting (SOAR) and the Office of Contracting and Procurement's Purchase Card (P-Card) data. Six of the 82 agencies do not record expenditures in SOAR, using financial systems independent of SOAR to record their expenditures. As a result, no quarterly expenditures could be retrieved from SOAR for these six agencies. Therefore, we were not able to independently verify the submitted expenditure data for those agencies. For the six agencies who do not report through SOAR, but did submit quarterly expenditure reports we verified that the submitted expenditures were spent with certified SBEs at the

time of the expenditure. As of May 4, 2015, 10 agencies had not submitted the required quarterly expenditure report for the 2nd quarter of FY 2015.

Out of the 82 agencies, seven agencies met the annual goal of procuring at least 50% of their goods and services from SBEs as of March 31, 2015. The 82 agencies, as a whole, spent approximately \$78 million with SBEs through the 2nd quarter of Fiscal Year 2015. Seventy-eight million dollars represents 21% of the total FY 2015 SBE expenditure goal, which was \$373 million at the time the report was published.

We again made the following three recommendations in our report.

1. DSLBD should notify (1) the Chairman of the Council Committee responsible for providing oversight of the non-compliant agency, and (2) the Mayor that the ten agencies listed in this report did not submit the required expenditure report for the 2nd quarter of FY 2015.
2. DSLBD should review the status of the agencies that did not submit expenditure reports and do not record expenditures in SOAR to determine their FY 2015 SBE expenditures. DSLBD should also develop and implement an accurate method to capture.
3. DSLBD should review the SBE goals, procurement plans, and purchases of the seven agencies that exceeded their FY 2015 goals by the end of the 2nd quarter of FY 2015

Given the significant economic benefits to the District resulting from compliance with SBE expenditure goals, we urge DSLBD to continue to improve the oversight of SBE participation in agency procurements. We will continue to monitor the program to ensure that DSLBD's efforts facilitate meeting the goals of the Act.

Mr. Chairman, this concludes my prepared remarks. We will respond to any questions you may have.