



October 27, 2020

Councilmembers
Council of the District of Columbia
The John A. Wilson Building
1350 Pennsylvania Avenue NW
Washington D.C. 20004

Dear Councilmembers:

I write to follow up on press accounts of the October 23, 2020, correspondence written by Councilmembers and addressed to the City Administrator seeking additional information on the reprogramming designed to cover \$43 million in Metropolitan Police Department (MPD) overtime costs.

Press accounts indicated that at least some members of the Council were surprised by the total amount of funding required to cover the overtime costs. I write to be sure that members of the Council and Council staff are aware of the information that the Council has received throughout the past year that highlighted the rising cost of MPD overtime and the expectation that the costs would be covered by other local District funds unless and until federal reimbursement is received.

As Councilmembers you have access to spending information in real time through the System of Accounts and Reporting, the District's financial system, known by its acronym, SOAR. In addition to having access to the financial system itself, the Council also has access to the quarterly and monthly Financial Review Process (FRP) reports provided by the Office of the Chief Financial Officer (OCFO). The FRPs reflect each agency's spending against its budget and are required to indicate when there is a spending pressure and to provide the agency's plan for meeting the spending pressure. This regular reporting is part of the checks and balances built into the financial system following the District's financial crisis in the 1990s.

Specifically, the Metropolitan Police Department's FRP issued for the first quarter of Fiscal Year 2020 on January 30, 2020, already anticipated a year-end deficit of \$3.5 million in local funds due to overtime costs incurred due to increased expenditures from the World Series and the Fall Crime Initiative Policy. The FRP also indicated that an intra-District overtime deficit would be covered by funds from the Emergency Planning and Security Fund (EPSF).

The Department's third quarter FRP dated June 30, 2020, reported an estimated intra-District deficit of \$37.3 million "which is mainly related to Emergency Planning and Safety related to salary and overtime expenditures from First Amendment protest imposed by the death of George Floyd." The FRP states that "the agency anticipates reimbursement for all related expenses, however Local Contingency/Supplemental funding may be needed to cover expenses if reimbursement funding is insufficient." I include a copy of the third quarter FRP as an attachment.

In addition to the quarterly FRPs the Council receives a quarterly summary report from the OCFO titled ***Report of Variances Between Agency Expenditures and Obligations and Approved Spending Plans***

through the Third Quarter of FY 2020. This report for the third quarter of FY2020, also available on the OCFO website, showed that as of the end of June 2020, the Metropolitan Police Department had overspent its local funds budget by \$17 million, or 4%, over its year-to-date anticipated expenditures.

Chairman Mendelson is the only member of the legislature today who also served when SOAR was brought on line 20-plus years ago, and a major feature of the system was to be the Council's ready, real-time access to all spending information, supplemented by monthly and quarterly reporting on each agency's expenditures. This was such a serious commitment on the part of the Council that members and staff received training on use of SOAR immediately following its implementation.

If you believe the current reporting is not adequate to keep the Council well informed on the District's financial posture and the spending condition of agencies, I recommend you engage the CFO's team that is now developing the replacement system for SOAR, the District Integrated Financial System (DIFS). You might want to be specific about the information you want to see on a regular basis provided automatically by the new enterprise system to help you proactively identify and address spending pressures.

I hope you find this information useful. Please let me know if I can be of assistance on this or other budget matters. Thank you.

Sincerely yours,



Kathleen Patterson
DC Auditor

cc: Councilmembers
Officers of the Council