

**Testimony of  
Hon. Alan Butkovitz  
Controller  
City of Philadelphia  
Before the City Council Committee of the Whole on the  
City Controller's FY 2018 Operating Budget  
April 19, 2017**

Good morning President Clarke and Members of City Council. I am City Controller Alan Butkovitz and I am here today to testify on the City Controller's Fiscal Year 2018 Operating Budget.

I am joined by my First Deputy City Controller Bill Rubin, Pre-Audit Deputy Controller John Thomas, and Post-Audit Deputy Controller Christy Brady as well as our Administrative Services Director, Andrea Rose.

The Mayor's proposed FY2018 Operating Budget for the City Controller's Office includes a General Fund appropriation of \$9.2 million.

I would like to once again this year publicly thank all of my employees who continue to provide exceptional service to the citizens of Philadelphia. They are to be commended and congratulated for the work highlighted in my testimony.

This year the Post-Audit Unit audited all 42 City departments and agencies, as well as issued performance and/or special reports that included:

- PICA Five-Year Plan Report
- Mayor's Fund for Philadelphia – Review of Marathon Reserves
- Office of Human Resources – Tuition Program

In addition, this Unit completed the Independent Auditor's Reports of the Comprehensive Annual Financial Reports and the Schedule of Financial Assistance for both the City and School District of Philadelphia. These reports provide recommendations to safeguard assets, enhance financial management and strengthen internal accounting controls.

I would also like to note that our office was recently recognized by the Association of Local Government Auditors with the Distinguished Knighton Award for Post-Audit's performance audit of the Philadelphia Fire Department's Brownouts and Rotation Policies. This audit found the policies implemented by the Nutter Administration jeopardized public safety by reducing the response rate for arriving on scene at a fire emergency.

The National Institute for Occupational Safety and Health (NIOSH) released their findings Monday detailing the horrific details of the incident that surrounded the tragic death of Firefighter Joyce Craig. The NIOSH report confirmed our findings and thankfully the Rotation and Brownout policies were ended by the current Administration.

The Pre-Audit Division reviewed more than \$275 million in public works contract invoices over the last year. Through the Pre-Audit's Tech Unit's efforts to monitor invoices and to perform construction site visits, we saved taxpayers \$1.3 million last year by identifying contractors who were billing too much for services and/or not performing the services listed on the invoice.

Based on our experience with contract compliance auditing, the Pre-Audit staff participated in meetings with numerous stakeholders regarding the current state of diversity and inclusion in the construction industry. Those stakeholders included but were not limited to several city council members such as Councilwoman Cindy Bass and Councilman Derek Green along with their staff, representatives of the Mayor's Administration including the OEO Advisory Committee, representatives of the General Building Contractors Association, and representatives of the National Association of Minority Contractors.

The Fraud and Special Investigations Division managed 104 cases last year, almost doubling the number of cases from the prior year. In addition to reports of misconduct, time fraud, vehicle misuse and residency investigations, they produced many reports including the investigations into the City's Mail Center, an assessment of Charter School managers, and a review of the City's performance for responding to potholes repairs.

They also played a major role in the Follow-Up Investigation of the Mayor's Fund for Philadelphia. This investigation identified hundreds of thousands of dollars in questionable spending and resulted in the current Administration implementing some of our recommendations in order to improve accountability and to ensure that the money is used to fund programs that benefit all Philadelphians.

The Policy Unit was busy this year with our Retirement Security Initiative, which included our report last May, "Retirement Security in Philadelphia: An Analysis of Current Conditions and Paths to Better Outcomes." It analyzed the state of retirement security in Philadelphia and its impact on the fiscal and economic health of the City.

I look forward to working with City Council, particularly Councilwoman Cherelle Parker, on this issue going forward.

We continued to work on our Anchor Procurement Initiative. We have greatly accelerated and deepened the work of this initiative, in partnership with the Commerce Department and our numerous partners among Philadelphia's eds-and-meds institutions.

We particularly thank Councilman Al Taubenberger for his interest in and support for the indoor agriculture project.

We continued to monitor tax revenues on a real-time basis through our monthly economic reports. In the very near future we will be including disaggregated wage tax data in these reports, which will allow policymakers to understand job flow in our City by industry and geography.

Finally, on the issue of Criminal Justice Reform, a report is underway which will analyze the multi-faceted costs of our cash bail system. We are working with the Public Defenders

Association and others on this report, and we thank Councilmen Curtis Jones and Kenyatta Johnson for their leadership on this issue.

The Community Affairs Unit conducted Financial Wellness Fairs in five different councilmantic districts – with many more being developed as we speak. I want to thank Councilmembers Brian O’Neill, Bobby Henon, Maria Quiñones-Sánchez, Mark Squilla, Jannie Blackwell, Al Taubenberger, and Blondell Reynolds-Brown along with their staff for their participation and commitment to improving the financial wellness for many residents of all ages.

In addition to working with city, state and federal offices to provide community outreach, we conducted more than 50 Senior Fraud Presentations over the last year.

Our staff partnered again this year with Operation HOPE, a non-profit that focuses on financial empowerment, to provide financial education to elementary and middle-school students. We also completed the third year of our student mentor program by working with students from the Philadelphia Electrical and Technology School.

We continued to work with community partners such as the Urban Affairs Coalition, the Philadelphia Federal Reserve and Councilman Allan Domb’s Office to establish a financial education course in several schools. We have been coordinating our efforts with the School District’s Administration as well as principals at high schools and elementary schools.

I would also like to recognize those who work with our office on the Pension Board. This year I introduced the Employee Pension Income Conversion Plan that could reduce the unfunded liability by as much as \$1 billion. It would allow city employees in the Legacy 67 Plan to convert to Plan 87 in return for a one-time cash payment. We will be continuing our work with this proposal and anticipate having additional information to present to City Council.

Along with conducting the annual audits for the City and School District and the many investigations that will arise throughout the next fiscal year, we will also be assuming the fiscal oversight role for the Mayor’s Rebuild Initiative. The Pre-Audit Unit will be actively engaged in monitoring the receipts and invoices before the funding is expended, and the Post-Audit Unit will be auditing the financial reporting along with any performance-based reviews that might be required.

I appreciate this opportunity to present my testimony and I look forward to working with you in the coming year.

My staff and I will be happy to answer any questions.