

**TESTIMONY BEFORE THE CITY COUNCIL
COMMITTEE OF THE WHOLE
CONTROLLER'S OFFICE FY2019 OPERATING BUDGET
WEDNESDAY, APRIL 25, 2018**

Good afternoon, Council President Clarke and members of City Council. I am City Controller Rebecca Rhynhart. Joining me today is Kellan White, First Deputy City Controller. I am pleased to provide testimony on the Controller's Office's Fiscal Year 2019 Operating Budget. Our proposed operating budget for FY19 is \$8.9 million.

As the independent auditor for the City of Philadelphia and the Philadelphia School District, the Controller's Office plays an important role in promoting the effective and efficient operation of government, identifying cost savings, and rooting out fraud, waste and mismanagement.

Since taking office this January, our office has taken steps to make accountability, transparency and efficiency the guiding principles of our work for the benefit of every Philadelphian.

We began by reorganizing the office into four core divisions: Pre-Audit; Audit; Investigations; and Strategy and Policy, and setting goals for the remainder of FY18 and for FY19.

- Pre-Audit, which provides oversight of the City's payment and purchasing processes to prevent inappropriate spending and preserve the integrity of the public bid system, will monitor weekly reconciliation of payroll and develop strategies to ensure that City contractors are exercising best practices to achieve compliance with diversity commitments.
- Audit is responsible for completing major audits and reports as required by the Home Rule Charter. In the coming months, Audit will transition to a risk-rating model for the

annual audit of every city department. This process will allow the auditors to devote more resources to departments that are not meeting appropriate standards. Additionally, Audit will undertake performance audits more frequently and rigorously. Currently, staff is working on performance audits of the City's sexual misconduct payouts, policies and procedures, and the Department of Behavioral Health and Intellectual Disability Services, the first such audit in 20-years.

- The Investigations Division will lead all special investigations and investigations into fraud, waste and corruption across the City, increasing the standards of quality and integrity of investigations. As part of its efforts, Investigations will coordinate and undertake investigations in response to tips and other information that may indicate misconduct on the part of City employees, fraud involving City contracts, worker injury abuse or other issues.
- The Strategy and Policy Analysis Division will focus primarily on financial policy research and recommendations, as well as modernizations, best practices and cost savings in areas impacting the City's finances. Our first policy analysis report on the Ten-Year Tax Abatement was released last week. A quick note: in our report on the tax abatement, we intentionally did not include a policy recommendation, and instead presented and evaluated hypothetical policy changes. It's our goal to present information to support data driven decision-making by City Council and Mayor Kenney and to inform and engage the public with public policy through our analysis.

Another major change for the Controller's Office moving forward is a focus on improving diversity and inclusion in both contracts and staffing. In FY18, vendors contracted by the

Controller's Office was 0%. Since taking office in January, we have already increased that to 10% and will continue to increase it throughout FY19. Currently, the office as a whole is 56% minority and 55% female. Among exempt staff our office is 59% minority.

Lastly, my office is committed to transparency and making data more accessible to the public. As part of our efforts, we plan to release datasets and information on how the City spends taxpayer money and items of interest to the public.

This is my first budget presentation as City Controller and I want to take this opportunity to express my commitment to collaboration with City Council. It is my goal that the Controller's Office is a resource, providing valuable information, data and audits that help move the city forward. Our office stands ready to work with City Council.

This concludes my testimony. I am happy to answer any questions that you may have at this time.