

**Testimony of
Hon. Alan Butkovitz
Controller
City of Philadelphia
Before the City Council Committee of the Whole on the
City Controller's FY 2017 Operating Budget
April 19, 2016**

Good morning Mr. President 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 2017 Operating Budget.

I am joined today by Deputy City Controllers Bill Rubin, Gerry Micciulla, and John Thomas, as well as our Administrative Services Director, Andrea Rose and Audit Director Christy Brady .

The Mayor's proposed FY2017 Operating Budget for the City Controller's Office includes a General Fund appropriation of \$8,431,962.

I would like to once again this year, publicly thank all my employees who continue to provide quality needed service to the citizens of Philadelphia. They are to be commended and congratulated.

My Post-Audit Division performed and produced its Annual Auditor's Report, which encompassed an audit of all 42 city departments. In addition, Post-Audit completed the following:

- three performance audits, including the Follow-Up of Licenses & Inspections, Fire Department Response Times and Philacor – the inmate trades program,
- four opinions on the financial statements of the City and the School District of Philadelphia,
- two reports on internal controls related to the four opinion audits,
- 12 grant-related audit reports, and
- An opinion on the City's Five Year Forecasted Statements for FY2016-2020.

From the audits and reports I just listed, we made a total of 245 recommendations to safeguard City and School District assets, enhance financial management, strengthen internal accounting controls and improve economies and efficiencies. In all, my Post-Audit Division identified financial reporting errors, compliance deficiencies, cost reductions, and increased revenues totaling more than **\$2.2** billion.

Our Pre-Audit Division provides oversight of the City's payment and purchasing processes. Pre-Audit monitors, reviews and approves or disapproves all requisitions for payment of City funds, and responds to daily requests for information regarding vendor payments. This division processed more than 300,000 payment vouchers representing more than \$4.8 billion in expenditures.

The Pre-audit Division also conducted several important investigations and audits including a follow-up review of the conditions of Philadelphia's Public School buildings that uncovered several hazardous conditions at selected schools, including exposed asbestos, electrical and fire dangers and water damage.

Most recently our Pre-Audit Division in conjunction with the Office's Finance and Policy Unit conducted a review on the status of the City's diversity and inclusion program and the efficacy of changes implemented over the past seven years. As a result of this review, the Controller's Office made several recommendations regarding contract monitoring and enforcement, reporting participation results, developing a local mentor-protégé program, establishing a pre-apprenticeship program, and the certification process.

Based on reviews and recommendations from Pre-Audit, three of the four City departments that administer capital projects have invited our technical staff to conduct workshops for their project inspectors and managers to encourage cost savings and to increase accuracy and efficiency in billings and inspections.

The Fraud and Special Investigations Division completed 81 cases over the last year, including contract fraud, misuse of city equipment, timekeeping fraud, and employee misconduct and residency violations. The unit was heavily involved in our ongoing assessments of L&I's operations and their imminently dangerous building program and the most recent assessment of the Revenue Department's Mail Center operations.

The Finance and Policy Division continued its efforts to evaluate the economic climate of our city as well as work with the public and private sector to identify opportunities that can build job growth. This included the following:

- Continuing the work with the Anchor Procurement Initiative, this work laid out a roadmap for boosting job growth, particularly in manufacturing. Our report influenced the national discussion on anchor procurement by pointing out the critical role of supply chain integrators like Aramark and Office Depot. Since January, we have been actively partnering with the Commerce Department on implementing this initiative.
- Conducted an Economic Impact Statement for the Market East Tax Increment Financing (TIF) project. The report concurred with PIDC's contention that the TIF for the proposed renovation of the Gallery makes economic sense and it also raise questions about the applicability of the City's minimum wage standards act to tenants.
- Performed a study of Southport's Economic Potential which concluded that developing the land for the use of auto, containers and/or liquid natural gas would produce new jobs.
- Analyzed the economic impact of the business community's reaction to the Papal Visit, which led to a number of recommendations for the City to consider when hosting large events.

All of these reports were models of data-driven policy analysis that we believe can help our City make better decisions on how to allocate scarce resources and adopt policies that show real results for our local economy.

In addition, we continued our efforts to promote financial literacy for Philadelphians of all ages. We distributed financial resource booklets to every school and have been providing Money Smart Cards to the 12,000 12th graders. With the help of City Council and the School District of Philadelphia, we greatly expanded our reach this year to provide free resources to as many educators, parents and youth as possible. We look forward to working with City Council as it moves forward with examining the possibility of providing financial education courses in the classroom.

Our work with youth over the last year was expanded to our newly-created Youth Mentor Program. Students work with our staff to conduct an audit of an issue or topic that the students find important to their daily lives, while having the opportunity to work in a professional environment and to learn about career paths. The students have produced exciting findings: one report found a lack of transparency over their lunch program, and another report examined crime at recreation centers with surveillance cameras.

I will continue working on issues and solutions to make Philadelphia a better place for those who live and work here. And most importantly, I will continue to find more revenues that are owed the city and identify performance and management efficiencies throughout city government – so we can have the added resources needed to fund the programs that provide necessary city services.

I appreciate this opportunity to present testimony and I thank Council President Clarke and the Members of City Council for your cooperation. I look forward to working with you in the coming year.

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