

**TESTIMONY OF AUSTIN A. ANDERSEN  
INTERIM INSPECTOR GENERAL  
BEFORE THE D.C. COUNCIL  
COMMITTEE OF THE WHOLE**

**ISSUANCE OF THE DISTRICT'S FY 2003  
COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

**FEBRUARY 4, 2004**

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CHAIRMAN CROPP, AND OTHER COMMITTEE MEMBERS, I AM PLEASED TO SPEAK BEFORE YOU THIS MORNING AND TO BE PART OF THE SIGNIFICANT ACCOMPLISHMENT OF ATTAINING AN UNQUALIFIED OPINION ON THE DISTRICT'S FY 2003 FINANCIAL STATEMENTS.

BY LAW, THE OFFICE OF THE INSPECTOR GENERAL (OIG) IS RESPONSIBLE FOR CONTRACTING WITH AN INDEPENDENT AUDIT FIRM FOR THE CAFR AND OVERSEEING THE AUDIT PROCESS. TO ENSURE THAT THE AUDIT PROCESS RUNS SMOOTHLY, THE OIG CHAIRS AN OVERSIGHT COMMITTEE THAT MONITORS THE PROGRESS OF THE CAFR EACH YEAR. THE COMMITTEE ENSURES THAT OBSTACLES THAT MAY HINDER THE TIMELY COMPLETION OF THE AUDIT, OR MATTERS WHICH NEED DISTRICT MANAGEMENT'S ATTENTION, ARE DISCUSSED WITH THE APPROPRIATE DECISION

MAKERS AND PROMPTLY RESOLVED. THE COMMITTEE MEETS REGULARLY THROUGHOUT THE YEAR TO ACHIEVE THAT GOAL.

UNDER THE CURRENT CONTRACT, KPMG LLP IS REQUIRED TO PERFORM THE AUDIT OF THE DISTRICT'S FINANCIAL STATEMENTS.

AS PART OF THE AUDIT, KPMG LLP MUST PROVIDE: (1) AN AUDITOR'S OPINION AS TO THE FAIR PRESENTATION OF THE DISTRICT'S FINANCIAL STATEMENTS; (2) A REPORT ON THE INTERNAL CONTROLS OVER FINANCIAL REPORTING; (3) A REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS; AND (4) A MANAGEMENT LETTER, AS APPROPRIATE. THE MANAGEMENT LETTER WILL BE ISSUED BY MARCH 31, 2004.

IN ADDITION, KPMG LLP IS REQUIRED TO PROVIDE SEPARATE AUDIT REPORTS FOR THE FOLLOWING AGENCIES: (1) WASHINGTON CONVENTION CENTER; (2) SPORTS AND ENTERTAINMENT COMMISSION; (3) D.C. LOTTERY AND CHARITABLE GAMES BOARD; (4) UNIVERSITY OF THE DISTRICT OF COLUMBIA; AND (5) D.C. PUBLIC SCHOOLS. KPMG IS COMPLETING ALL OF THE REPORTS FOR FISCAL

YEAR 2003. WE ANTICIPATE THAT THIS REPORT WILL BE COMPLETED WITHIN THE NEXT FEW WEEKS.

FINALLY, DURING THE NEXT FEW MONTHS, THE OIG WILL EXECUTE OPTION 4 OF THE CURRENT CONTRACT FOR THE FISCAL YEAR 2004 CAFR AUDIT. THE COST ASSOCIATED WITH THIS OPTION IS ESTIMATED TO BE ABOUT \$2.1 MILLION.

I WOULD LIKE TO TAKE THIS OPPORTUNITY TO COMMEND DR. GHANDI AND HIS STAFF FOR EMPLOYING THE MANAGEMENT AND OVERSIGHT TO CLOSE THE DISTRICT'S BOOKS AND RECORD ALL THE REQUIRED TRANSACTIONS NECESSARY TO PREPARE AND COMPLETE THE FINANCIAL STATEMENTS. ADDITIONALLY, I WOULD LIKE TO THANK THE COMMITTEE MEMBERS FOR THEIR LEADERSHIP AND EXPERTISE IN MONITORING THE CAFR OVER THE LAST SEVERAL MONTHS. IN THAT REGARD, I WANT TO SINGLE OUT FOR SPECIAL RECOGNITION BILL DIVELLO, OF MY STAFF; ARTE BLITZSTEIN, OF THE CITY COUNCIL; NOEL BRAVO OF THE MAYOR'S OFFICE; AND TONY POMPA OF THE CFO'S OFFICE FOR THEIR EFFORTS AND CONTRIBUTIONS.

IN CLOSING I WOULD LIKE TO SAY THAT MY OFFICE IS PROUD TO BE ONE OF THE CONTRIBUTORS TO HELP IMPROVE THE FINANCIAL CONDITION OF THE DISTRICT. AS THE KPMG AUDITORS HAVE ACKNOWLEDGED, AND AS WE ALL HAVE SEEN, DISTRICT MANAGEMENT HAS TAKEN SIGNIFICANT STEPS TO MITIGATE THE RISKS IDENTIFIED IN PREVIOUS CAFR AND OIG REPORTS. THIS ACCOMPLISHMENT DEMONSTRATES THAT THE CAFR TEAM CAN MEET CHALLENGES, SUCH AS THE NEW AND DEMANDING REPORTING REQUIREMENTS OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD, WHILE WORKING TOGETHER TO COMPLETE OUR OBJECTIVES – THIS YEAR, AHEAD OF SCHEDULE.

THIS CONCLUDES MY TESTIMONY. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.