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**COMMITTEE ON GOVERNMENT OPERATIONS  
AND THE ENVIRONMENT**

MARY M. CHEH, CHAIR

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January 15, 2010

Eric Stanchfield  
Executive Director  
District of Columbia Retirement Board  
900 7th Street, NW, Second Floor  
Washington, DC 20001

Dear Director Stanchfield:

The annual performance hearing for the District of Columbia Retirement Board (DCRB) is has not yet been scheduled. However, I would like to get a head start on performance oversight this year by initiating the process now.

In order to gain further knowledge about the workings of your agency and in order to prepare for budget oversight hearings in the coming months, I hereby submit to you a list of questions regarding the performance of DCRB. I request that you answer these questions and return your written responses to my office on or before February 3, 2010.

If you feel that I could use additional information outside the scope of the attached questions, please feel free to include an additional written statement. If your office requires clarification of any of the attached questions, please contact chief counsel Tom Moir, at 202-724-1388 or [tmoir@dccouncil.us](mailto:tmoir@dccouncil.us). Thank you in advance for your timely and comprehensive response.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary M. Cheh".

Mary M. Cheh  
Councilmember, Ward 3  
Chair, Committee on Government Operations and the Environment

## I. Agency Organization

- 1 Please provide a complete, up-to-date organizational chart for each division within the agency including, either attached or separately, an explanation of the roles and responsibilities for each division and subdivision.
  - a. Please include a list of the employees (name and title) for each subdivision and the number of vacant positions.  
See attachment Q 1.
  - b. Please provide a narrative explanation of any organizational changes made during the previous year.  
The Project Management Office (PMO) was created to help implement agency wide projects.

## II. Personnel

- 2 Please provide a complete, up-to-date position listing for your agency, which includes the following information:
  - a. Title of position
  - b. Name of employee or statement that the position is vacant, unfunded, or proposed.
  - c. Date employee began in position
  - d. Salary and fringe, including the specific grade, series, and step of position
  - e. Job status (continuing/term/temporary/contract)  
*Please list this information by program and activity*  
See attachment Q 2.
- 3 Please provide the number of FY09 full-time equivalents (FTEs) for the agency, broken down by program and activity. Please also note the number of vacancies at the close of FY09, by program and activity, and current vacancy information.
  - a. For each vacant position, please note how long the position has been vacant and whether or not the position has since been filled.
  - b. How many vacancies within the agency were posted during FY09 and FY10, to date?  
  
See attachment Q3.
- 4 Please provide a detailed narrative description of the personnel process within the agency. Specifically, please describe how the personnel activity within the agency works in coordination with the DC Department of Human Resources to ensure that human resource needs are met.

The “personnel process” utilized by DCRB mirrors that of DCHR for District government vacancies. Vacancies and new positions are publicly posted to the agency website. For professional positions, postings are also made with leading national professional associations (appropriate to the profession) and minority professional associations (to meet EEO standards).

After an 'in-house' posting of 5 working days and if there are no applicants or no successful agency applicant is selected to fill the vacancy, the vacancy/new position is publicly posted for a minimum of 10 working days. At the conclusion of the application period, an evaluation of applicant materials is conducted as to meeting minimum posted requirements for the position. All applicants are notified of the results of this evaluation. Successful candidates are invited to our offices for a screening interview by a panel consisting of at least 4 staff members, including the supervising authority for the vacancy/new position. All candidates are asked the same screening questions. At the conclusion of the screening interview, the candidates are ranked. The most qualified 2 or 3 candidates are invited to return for an in-depth interview with questions developed appropriate to the position. At the conclusion of this job-specific interview, candidates are ranked as to possessing suitable abilities and qualities for the position. Successful candidates are then invited to meet for a personal interview with the supervisor. The supervisor then selects the successful candidate and the DCRB Human Resources Manager extends a tentative offer pending successful completion of criminal, credit, educational (if required for the position) and certificate (if required for the position) background checks as well as professional reference checks. Upon successfully completing the background and professional reference checks, the candidate is offered employment.

Pursuant to D.C. Code § 1-711(k), DCRB has exclusive authority over its employee classification, compensation and recruitment activities. However, DCRB consults with DCHR regarding other employment issues, such as: health and welfare benefits, commuter benefits, annual/sick leave, Defined Contribution Retirement Plan (401a) and Deferred Compensation Plan (457b).

- 5 Please list all employees detailed to or from your agency, if any. Please provide the reason for the detail, the detailed employee's date of detail, and the detailed employee's projected date of return.

No employees of any District agency are detailed to DCRB; nor are any employees of DCRB detailed to another District agency.

- 6 Please provide the Committee with:
  - a. A list of all employees who receive cell phones, personal digital assistants, or similar communications devices at agency expense

Sheila Morgan-Johnson, Chief Investment Officer.

- b. A list of all vehicles owned, leased, or otherwise used by the agency and to whom the vehicle is assigned

DCRB does not own, lease, or use any vehicles.

- c. A list of employee bonuses granted in FY09 and FY10, to date, if any

<b>FY09</b>	
<b>Name</b>	<b>Bonus Amount \$</b>
Sheila Morgan-Johnson	18,300
Joan Passerino	15,250
William Carr	7,883
Allison Kelly	5,000
Deborah Reaves	5,000
Leslie King	5,000
Sheryl Summa	4,000
Sebastian Podesta	2,500
Lovely (Susan) Thomas	2,300
Valerie Chandler	2,000
Florence Jones	1,963
Joyce Green	1,775
Richard Wortham	1,500
Shelia Douglas	1,500
LaNae Morrow	1,500
Pamela Ashford	1,500
Anita Ross	1,000
Ricardo Morgan	1,000
Nicole Holmes	300
<b>FY10</b>	
None	

- d. A list of travel expenses, arranged by employee.

**DCRB**  
**Travel Expenses - Trustees and Staff**  
**Fiscal Year 2009**

	<u>Name</u>	<u>Total Travel \$</u>
<b><u>Trustees</u></b>		
	Barbara Blum	5,715
	Judith Marcus	4,658
	Mary Collins	4,603
	Edward Smith	3,341
	Brian Lee	2,848
	Deborah Hensley	2,523
	Lyle Blanchard	1,949
	Darrick Ross	1,805
	Thomas Tippet	1,348
	Total Trustees	<u>28,790</u>
<b><u>Staff</u></b>		
	Sheila Morgan-Johnson, Chief Investment Officer	5,062
	Eric Stanchfield, Executive Director	4,006
	Tom Anderson, Director Strategic Planning and Special Projects	1,821
	Sherry Summa, Retirement Services Manager	1,724
	Erie Sampson, General Counsel	1,723
	Leslie King, Staff Attorney	1,403
	William Carr, Sr. Investment Analyst	1,337
	Dale Walker, Chief Financial Officer	1,282
	Sebastian Podesta, Budget Analyst	1,105
	Florence Jones, Investment Assistant	845
	Total Staff	<u>20,308</u>

**DCRB**  
**Travel Expenses - Trustees and Staff**  
**Fiscal Year 2010**  
**As of 12/31/2009**

	<u>Name</u>	<u>Total Travel \$</u>
<b><u>Trustees</u></b>		
	Darrick Ross	2,100
	Edward Smith	1,208
	Total Trustees	<u>3,308</u>
<b><u>Staff</u></b>		
	Jason Ostroski, Controller	1,412
	Tom Anderson, Director Strategic Planning and Special Projects	1,359
	Sheila Morgan-Johnson, Chief Investment Officer	634
	Joan Passerino, Chief Benefits Officer	609
	Total Staff	<u>4,014</u>

- e. A list of the total overtime and workman's compensation payments paid in FY 09 and FY10, to date.

DCRB did not make overtime or workman's compensation payments in FY09 or FY10.

**III. Budget**

- 7 Please provide a chart showing your agency's approved budget and actual spending, by program, for FY09 and FY10, to date. In addition, please describe any variance between fiscal year appropriations and actual expenditures for FY09 and FY10, to date.

Explanation of FY09 Variance:

<u>Personnel Services</u>	
Budget	\$5,317,482
Actual	\$3,571,919
Variance	\$1,745,563

See Attachment Q 7.

FY09 Personnel Services were lower than budgeted due to a number of factors (e.g. vacancies, turnover, fringe benefits and salary, bonuses, severance, overtime).

Non-Personnel Services:

Budget	\$27,306,686
Actual	\$15,933,976
Variance	\$11,372,710

The variance in Non-Personnel Services is due to the following:

Decreased Investment Manager Fees: The Fiscal Year 2009 budget projected a growth in the market value of the portfolio. However, due to the global economic downturn, the portfolio contracted in value, and manager fees declined.

Retirement Information System: DCRB has initiated a multi-year plan to upgrade its technology and services, which will include acquiring and implementing a retirement information system to meet the defined benefit plan needs of the Police/Fire and Teachers' plans, and creating efficiencies that will improve member services to meet industry standards. We expect that budget variances will occur over this time frame as we implement efficiencies and encounter unexpected obstacles.

Explanation of FY10 Variance (as of January 30, 2010):

Having just recently completed the first quarter of FY10, DCRB has limited information to explain the variance between budgeted and projected year end actual expenditures.

See Attachment Q 7.

Explanation of FY10 Variance:

Personnel Services

Budget	\$5,296,600
YE Estimate	\$3,872,007
Variance	\$1,424,593

FY10 Personnel Services are expected to be lower than budgeted due to a number of factors (e.g. vacancies, turnover, fringe benefits and salary, bonuses, severance, overtime).

Non-Personnel Services

Budget	\$25,325,600
YE Estimate	\$14,497,862
Variance	\$10,827,738

DCRB projects year-end actual expenditures for Non-Personnel Services may be below the budgeted level due to the phasing of the Retirement Information System and the performance of the portfolio.

DCRB would be pleased to provide a more complete comparison of budgeted and actual expenditures for FY10 at a later time during the fiscal year.

- 8 Please list any reprogrammings, in or out, which occurred in FY09 or FY10, to date. For each reprogramming, please list the total amount of the reprogramming, the original purposes for which the funds were dedicated, and the reprogrammed use of funds.

Under the provisions of the DC Code, specifically, DC Code (2001 edition) Division I Title I Chapter 7 Subchapter II, Section 1-711f(3)

“The Mayor and the council may establish the amount of funds which will be allocated to the Board for administrative expenses, but, may not specify the purposes for which such funds may be expended or the amounts which may be expended for the various activities of the Board.”

FY09 Reprogramming:

The amount of \$4,074,696 was reprogrammed to better reflect DCRB’s cost-center system of accounting and budgeting, which creates cost-centers for each of the Programs/Activities. The purposes of the funds have not changed but were allocated across departments more accurately to reflect their expenses. The net impact to the total budget was zero. No additional funds were requested.

See Attachment Q 8.

FY10 Reprogramming:

The amount of \$910,430 was reprogrammed to ensure the appropriate amounts are allocated across funds, based on the recently negotiated FY10 memorandum of Understanding between DCRB and the United States Department of the Treasury. The purposes for the amount have not changed but have been allocated across Fund 1559 and Fund 1562 more accurately. The net impact to the total budget was zero. No additional funds were requested.

See Attachment Q8.

- 9 Please provide a complete accounting for all intra-District transfers received by or transferred from the agency during FY09 or FY10, to date.
- a. Security - \$5,000
  - b. Contractual Services - IT - \$10,800
  - c. Return of funds – (\$435.56)
  - d. Total charged and returned - \$15,364.44
- 10 Please identify any special purpose revenue accounts maintained by, used by, or available for use by your agency during FY09 or FY10, to date. For each account, please list the following:
- a. The revenue source name and code
  - b. The source of funding

- c. A description of the program that generates the funds.
- d. The amount of funds generated by each source or program in FY09 and FY10, to date
- e. Expenditures of funds, including the purpose of each expenditure, for FY09 and FY10, to date

The District of Columbia Teachers' Retirement Fund and the District of Columbia Police Officers and Firefighters' Retirement Fund are not considered special purpose revenue funds based on the definition of fund types in Governmental Accounting Standards Board's (GASB) Statement 34. These funds are considered fiduciary funds as defined in paragraph 70. As a result this question is not applicable.

- 11 Please provide a complete accounting of all federal stimulus funds received for FY09 and FY10, to date.

DCRB has not received federal stimulus funds for FY09 or FY10.

- 12 What steps have been taken during FY09 and FY10, to date, to reduce the following:

- a. Space utilization
 

DCRB is currently in the fourth year of a ten-year lease. Once the end of the lease period approaches, DCRB will consider its space needs.
- b. Communications costs
 

During FY09, DCRB significantly reduced the number of staff using cell phones and PDAs. In FY10 DCRB will continue to identify areas to reduce communications costs.
- c. Energy use
 

DCRB's recycling policy satisfies the recycling provisions in the DCMR. Accordingly, the Agency recycles paper, toner cartridges and other recyclables. Throughout the office we use energy efficient lighting with time sensors, and the building management is working towards achieving a USGBC LEED accreditation.

#### **IV. Agency Programs and Policies**

- 13 Please list each policy initiative of your agency during FY09 and FY10, to date. For each initiative please provide:

- a. A detailed description of the program
- b. The name of the employee who is responsible for the program
- c. The total number of FTE's assigned to the program
- d. The amount of funding budgeted to the program

DCRB's initiatives for FY09 and FY10 are based on the Board's goal to implement key phases of a Retirement Information System by 2015. The initiatives of this plan are discussed under section VI.

- 14 Please provide a list of all studies, research papers, and analyses (“studies”) the agency prepared, or contracted for, during FY09 and FY10, to date. Please state the status and purpose of each study.

<b>Name:</b>	<b>Purpose:</b>	<b>Status:</b>
Classification and Compensation Study	This study was done to comply with Board policy regarding a study of Classification and Compensation on a periodic basis.	Completed 10/2008
Feasibility Study	An analysis to determine an appropriate pension information system for DCRB.	Ongoing
Actuarial Valuation	To fulfill the requirements of DC Code§ 1-907.02(a) and (c), 1-907.03 (a), and 1-907.04.	Completed 12/2009
Asset Liability Modeling Study	To select the optimal asset allocation and project our cash flows based on pension benefits paid out to beneficiaries.	Ongoing
Audited Financial Statements	Determine the effectiveness of existing internal financial controls, operational policy and procedures that focuses on the procuring of goods and services, payroll and personnel position controls.	Completed 01/2010
Data Reclamation Project	To review and correct pension-related data housed in paper files and data bases maintained by stakeholder agencies (e.g., DCHR, OCTO, DCPS, MPD-HR, FEMS-HR, and OPRS).	Ongoing
Core Business Process Project	To review existing work flows and re-engineer them to accommodate automation and streamline processes.	Ongoing

- 15 If applicable, please explain the impact on your agency of any legislation passed at the federal level during FY09 or FY10, to date.

DCRB has not been significantly impacted by any legislation passed at the federal level during FY09 or FY10, to date, but we continue to monitor several pieces of federal legislation and regulations that could impact DCRB and the District Government.

- 16 Please list all regulations for which the agency is responsible for oversight or implementation. Please list by chapter and subject heading, including the date of the most recent revision.

District of Columbia Retirement Board Rules, 7 DCMR, Chapter 15 (49 DCR 10791 (11/29/02)) (DC Code §1-711(e))

District of Columbia Retirement Board Classification and Compensation Program Regulations, 7 DCMR, Chapter 18 (47 DCR 9892 (12/15/00); revised 57 DCR 130 (1/1/10)) (DC Code §1-711(k))

District of Columbia Retirement Board Procurement Rules, 7 DCMR, Chapter 16 (49 DCR 9118 (10/4/02); revised 52 DCR 9800 (11/4/05)) (DC Code §1-711(i))

- 17 Please list and describe any ongoing investigations, studies, audits, or reports on your agency or any employee of your agency, or any investigations, studies, audits, or reports on your agency or any employee of your agency that were completed during FY09 or FY10, to date.

The theft of DCRB's petty cash box and camera were reported to the D.C. Metropolitan Police Department in December of 2008.

In addition, DCRB provided information to the OIG related to a management study on "How the retirement eligibility functions performed by the Police and Firefighters' Retirement and Relief Board (PFRB) may be more efficiently performed under the auspices of the D.C. Retirement Board?"

- 18 Please identify all electronic databases maintained by your agency, including the following:
- a. A detailed description of the information tracked within each system
  - b. Identification of persons who have access to each system, and whether the public can be granted access to all or part of each system
  - c. The age of the system and any discussion of substantial upgrades that have been made or are planned to the system

1. During FY 2009, DCRB installed FileNet software to serve as a structure for DCRB to scan, hold, maintain, and retrieve all documents related to the retirement plans it administers. These documents include retirement applications, Board Orders issued by the Police/Fire Retirement and Relief Board, Qualified Domestic Relations Orders, beneficiary designation forms, paperwork related to contribution refunds and purchases of service, forms related to direct deposit, tax withholding, life and health insurance coverage, and similar documents.

Currently, all members of DCRB's Benefits Department have access to this document retention system, as do designated members of the U.S. Treasury Department's Office of DC Pensions.

2. DCRB has an Access database that was created during FY 2007 and has since been populated with information related to individuals who participated in the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan (the "Plan" or "Plans") and who are now terminated and:
  - a. have a deferred vested benefit under one of the Plans that is payable when they reach retirement age; or
  - b. have left their contributions in the trust fund, are not vested in a benefit, but who have neither requested nor have been paid a refund of their contributions; or

- c. requested and were paid a refund of their contributions and have no future benefits payable under either of the Plans.

The intent of this database is to provide DCRB with documentation as to the status of members who have left the Plans, as well as the size of the liability related to the benefits payable to these individuals or the amount of the contributions owed or previously paid to them. Once DCRB acquires and implements a retirement information system, the information in this database will be uploaded to the new system and the Access database will no longer be used.

Since this is a desktop application that will serve in an interim capacity until the data can be transferred to a more robust and permanent system, members of DCRB's Benefits Department and Program Management Office staff are the only individuals who now have access to it.

- 19 What has the agency done in the past year to make the activities of the agency more transparent to the public? In addition, please identify ways in which the activities of the agency and information retained by the agency could be made more transparent.

DCRB's activities have been made more transparent to the public through content provided on its website, improving the annual report and other communication materials, and responding to inquiries from the media and researchers. We also held board and committee meetings in open session and made our agendas more descriptive. In the future, DCRB will increase transparency by supplying more content on the website and improving its annual report and newsletters.

- 20 Please identify any statutory or regulatory impediments to your agency's operations.

**Iran Divestment Law:** The full impact of the Iran Divestment Law is difficult to estimate given the influence of the decision on a broad variety of factors. We have developed a Scrutinized Company list. If we are required to divest from these companies, the law will limit the ability of DCRB to invest in the energy sector.

The investment limitations that the Iran Divestment Law may introduce would most likely reduce the return of DCRB's portfolio, while at the same time decreasing the diversity of its portfolio. As a result, the risk inherent in the portfolio would naturally increase.

We may need the D.C. Council to expand current statutory authority to ensure accurate, timely and appropriate access to essential member information.

We appreciate the efforts of the D.C. Council to seek our advice and hope the practice continues in the future.

- 21 Please identify all recommendations identified by the Office of the Inspector General nor the D.C. Auditor during the previous 3 years. Please note what actions have been taken to address these recommendations.

Neither the Office of the Inspector General nor the D.C. Auditor has recommended actions to DCRB during the previous 3 years.

However, DCRB has implemented a prior OIG recommendation to conduct background and credit checks, as well as fingerprinting, for all employees.

## **V. Contracting and Procurement**

- 22 Please list each contract, procurement, lease, and grant (“contract”) awarded or entered into by your agency during FY09 and FY10, to date. For each contract, please provide the following information, where applicable:
- The name of the contracting party
  - The nature of the contract, including the end product or service
  - The dollar amount of the contract, including budgeted amount and actually spent
  - The term of the contract
  - Whether the contract was competitively bid or not
  - The name of the agency’s contract monitor and the results of any monitoring activity
  - Funding source

See attachment Q 22.

- 23 Please provide a list of all MOUs currently in place and any MOUs planned for the coming year.

MOU for Payment of Administrative Expenses related to the Administration of Federal and District Benefit Payments and other Payments between The U.S. Department of the Treasury and District of Columbia Retirement Board for FY 2010 (10/26/2009).

MOU for Interconnecting and Enabling Access to the System to Administer Retirement (STAR) Between Treasury’s Office of D.C. Pensions and the District of Columbia Retirement Board (5/15/09)

MOU Concerning Interim Benefit Administration of Retirement Programs Among Treasury, District, District of Columbia Public Schools and District of Columbia Retirement Board (9/26/05)

MOU Concerning Debt Collection During Interim Administration of Retirement Programs Between Treasury and Office of Pay and Retirement Service [DCRB took over for OPRS in 2005] (9/2/03)

MOU for Server Support Services between OCTO’s Server Operations and the District of Columbia Retirement Board (7/2/2008)

MOU of Data Connectivity, Monitoring, and Maintenance Associated with Data Services between the Office of the Chief Technology Officer-DC Net and the District of Columbia Retirement Board (11/2009)

- 24 Please describe the steps taken by the agency to provide oversight and management for contracts. Specifically, how does the agency ensure that its programmatic needs are being met? How does the agency ensure that contracting actions are standardized across various programs?

DCRB contracting actions are standardized through a centralized procurement office which processes procurement activities. DCRB recently hired a purchasing and contracting expert who is responsible for assisting DCRB staff with procurements and ensuring compliance with DCRB's procurement regulations. DCRB uses the PASS system to automate the procurement system.

Oversight and management of contracts is provided by program managers and department managers who receive contract services. They serve as the contracting officer's technical representatives responsible for monitoring contract performance, communication instructions to contractors, and receiving and approving deliverables. The procurement office ensures that the responsible manager or technical representative has received and approved all deliverables.

- 25 What is the process, including a timetable, for the procurement of goods and services? How many steps must the agency take in order to complete a procurement? What is the process for a sole-source procurement?

The average timetable for procurement of goods and services is 60-90 days after the requirements are identified. The timeline below illustrates DCRB's current procurement process in accordance with its procurement rules and industry best practices.

Release the Request for Proposal or other solicitation– once scope of work is received
Deadline for questions from offerors– 1-2 weeks
Responses to offeror questions due by DCRB contact– 1 week
Proposal submission deadline– 4 weeks
Evaluation of proposals– 2 weeks from receiving proposals
Establishment of the Competitive Range
Selection of finalist and/or successful offeror– during the evaluation process
Contract Preparations-- 1-4 weeks
Finalist to present before the Board--1-4 weeks
Make final award to include further potential contract negotiations– 1-2 weeks

The steps needed for the agency to complete a procurement process are as follows:

Procurements \$10,000 and below	2-3 steps
Procurements \$10,000-\$25,000	3 steps
Procurements \$25,000 and \$100,000	5-7 steps
Procurements \$100,000 and above	10 steps

Regarding sole source procurement, the procurement office will assist a program or department in the preparation of a determination and findings (D&F) that sets forth the minimum need for a particular procurement. The D&F must establish the minimum need of the organization to receive the requested goods or services. A finding must be made that justifies that only a single source is capable of providing the goods or services that meet the organization's minimum need. Based on the findings, a determination is made by the chief contracting officer to approve or deny the request based on the stated minimum need and findings. The procurement office reviews the D&F and determines price reasonableness before processing the procurement request.

- 26 Please describe the methods used by your agency to monitor contract compliance. If your agency has a written policy on contract monitoring, please provide a copy of the policy.

A contracting officer's technical representative is appointed and is responsible for monitoring contract compliance. DCRB procurement regulations contain the provision for appointing a contracting officer's representative as required by the nature of the contract. The procurement office is responsible for verifying and documenting that all goods and services are received in accordance with contract terms.

## **VI. Performance Plans**

The following questions are based on the agency's FY10 Performance Plan.

In grading our progress, we are merely assessing if we are on track. As a result, B is the highest grade that will be assigned. We have not assigned A's because this is a work in progress.

### **OBJECTIVE 1: Improve communications to plan members.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this objective. Please justify this grade.

**Grade:** B

**Justification:** DCRB has developed a communications plan for FY 2010 and beyond that will significantly enhance our ability to interact with Plan members. The communications plan consists of:

- Adopting a standardized communication portfolio, including forms for members and educational materials for all stakeholders.
- Developing a more user friendly website.
- Centralizing membership data.
- Continuing to improve the Comprehensive Annual Financial Report

### **INITIATIVE 1.1: Expand DCRB website content and provide participants with self-help features.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this initiative. Please justify this grade.

- Who will lead this effort? Will the initiative require the hiring of new staff?
- What outreach steps will you take to ensure that members are aware of the resources available on the website?

**Grade:** B

**Justification:** A benefits estimator has been integrated onto the website to educate members regarding the amount of their benefits at retirement. This initiative was lead Program Management Office, and did not require the hiring of new staff. Outreach regarding the new educational feature on the website is provided through the a news release on the site, training for call-center staff at the Agency, newsletters, communication between the elected board of trustees members and their constituents, focus and training groups, and via links from external department websites.

DCRB has contracted for a standalone server to facilitate easy and accurate communication to our members.

**OBJECTIVE 2: Reduce the amount of time from a member's retirement date to the receipt of their first retirement payment.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this objective. Please justify this grade.

**Grade:** B

**Justification:** DCRB does not have control over the timeliness, completeness or accuracy of retirement applications received because the date is housed by our stakeholders. DCRB, however, tracks the issuance of first payment from the date of an individual's retirement, rather than the date we receive all information needed to calculate the benefit, because it more accurately reflects the needs of the retiree. Since FY07, DCRB has increased the rate of first payment to new retirees within three months of their retirement, from 61%, to 69%, despite the number of retirees increased by 20% from FY08 to FY09.

The only way to significantly reduce the time frame further, will depend on the successful completion of the pension information repository.

**INITIATIVE 2.1: Gather and verify historical data.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this initiative. Please justify this grade.

**Grade:** B

**Justification:** DCRB is on schedule in its collection and audit of current information on all active plan members, access paper files to complete historical data, and transfer the information into DCRB's interim data repository. At the beginning of FY10, we gathered a random sampling of MPD data to test its integrity against the District PeopleSoft data.

- Please describe DCRB's efforts in FY09 to reform the data collection process.
- How does DCRB achieve collaboration with other District agencies? Has DCRB communicated with high-level executive staff (e.g., the Office of the City Administrator or the Executive Office of the Mayor) to ensure cooperation?
- The Performance Plan indicates that DCRB will "contract to audit the integrity of the data collected by participating employers." Please provide details on the nature of this contract. How much will it cost? How long will the audit take? Has work begun?
- Will DCRB need to contract out the creation of the database to house employee data? What is the anticipated cost to create the database?

Currently, U.S. Treasury maintains a database that includes information for all retired members and their survivors from their date of retirement to their date of death. The data that DCRB enters into that retirement system is provided by the retiree's human resources office (DCPS, MPD-HR, and DCHR, for firefighters). Since the information in the District's PeopleSoft system generally extends back only to the time PeopleSoft was installed, the HR offices must collect historical salary, service, and other relevant information manually from the member's paper file. Because PeopleSoft was installed only a few years ago, the majority of the needed information is currently drawn from the paper files. This process is slow and can use up to 50% or more of our targeted 90-day time frame for the data gathering process. Once received and verified, the data needs to be manually entered into the Treasury retirement system.

During FY 2009, DCRB developed an interim data repository at a cost of \$60,000 to house historical pension-related information and we met with members of the stakeholder groups (DCHR, OCTO, DCPS, MPD-HR, FEMS-HR, and OPRS) to discuss the reasons for our data reclamation initiative, what we need from them (access to the data) to complete this project, and how our successful completion of the project will also benefit them.

DCRB proposed to gather the existing electronic information on all active plan members, access the paper files to fill in historical data holes, and transfer the information to DCRB's interim data repository. This project will eliminate the manual process of gathering and cleaning the data at the point of retirement, enable an electronic feed to the Treasury system (eliminating manual data entry), and will result in a considerably shortened time between retirement and the receipt of first pension payments for new retirees.

As to the project itself, DCRB estimates that gathering, auditing, and transferring the data will occur over a 2 ½ to 3 year period. DCRB has contracted with MTG Management Consultants to perform the work, with assistance from DCRB staff, at an estimated cost of \$225,000 over four years. The work began in December 2009 with a random sampling of MPD data to test its integrity against the District PeopleSoft data.

**OBJECTIVE 3: Continue to Automate and Streamline Benefits Administration**

**Operations.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this objective. Please justify this grade.

**Grade:** B

**Justification:** As indicated in the above responses, in addition to scanning historical documents (which was completed during FY 2009), DCRB's plans to automate and streamline benefits administration include the following projects:

1. Data Reclamation (FY 2010 – FY 2012).
2. Creating and maintaining an interim pension data repository (completed in FY 2009).
3. Core Business Process Planning (described below) (FY 2010).
4. Acquiring and implementing a retirement information system (FY 2010 – FY 2012).
5. Creating and maintaining a data base for terminated vested participants, terminated nonvested former members, and terminated members who withdrew their contributions from the Funds (completed in FY 2009).
6. Integrate the acquired DCRB retirement system with District and Federal stakeholders (FY 2012).

**INITIATIVE 3.1: Implement Workflow Management.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this initiative. Please justify this grade.

**Grade:** C+

**Justification:** DCRB has completed a plan to automate its document intake workflow and integrate it with scanning operations. We have mapped the scanning and intake operations, and are on schedule to complete that part of the project by the end of FY 2010, before moving on to the retirement processing and member services areas.

**OBJECTIVE 4: Control costs.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this objective. Please justify this grade.

**Grade:** B

**Justification:** DCRB is comprehensively reviewing its budget to find areas where costs can be reduced and efficiencies increased.

Investment related costs are a significant part of the DCRB budget. DCRB is currently negotiating investment management fees to reduce our investment cost. To bring DCRB's costs in line with the benchmark cost, we have been renegotiating investment management fees.

DCRB has reviewed its procurement process and has restructured the budget to increase accountability of agency managers.

DCRB has also held the line on cost and improved the quality of the benefit calculation process significantly. As a result, a quality review of cases processed during FY 2009 reflected a reduction of overall errors.

**INITIATIVE 4.1: Review and revise the procurement process.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this initiative. Please justify this grade.

**Grade:** C+

**Justification:** DCRB hired a Senior Procurement Specialist to work with existing staff, and has aligned the procurement process with industry-wide best practices. The agency has also standardized its contract administration procedures across all departments.

- What are DCRB's current procurement procedures based on?

The Board's statutory procurement authority is set forth in D.C. Code §1-711(i). Under the Board's procurement rules, the Executive Director is responsible for developing and administering DCRB's operating policies, procedures and guidelines for contracts. 7 DCMR, Chapter 16, § 1600.2.

- Why is DCRB hiring a Senior Procurement Specialist instead of contracting out this initiative? Will the additional staffer also do day-to-day procurement work for the agency.

DCRB has a need for a Senior Procurement Specialist to provide the organization with the professional procurement capacity to procure a wide range of goods and services. DCRB needs a staffer that has experience and knowledge of contracts and procurement. This staffer should also have experience with the District and federal procurement rules and requirements. On staff, this individual can work within the organization to provide leadership and direction. Further, a staffer is needed to work with vendors and the public. The Senior Procurement Specialist will perform contract and procurement duties on a daily basis.

**OBJECTIVE 5: Reduce investment risk.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this objective. Please justify this grade.

**Grade:** C+

**Justification:** In fiscal year 2009, Ennis Knupp, special project investment consulting firm, conducted an asset-liability analysis for the Board in order to establish long-term asset allocation targets consistent with the Board's liability structure. Towers Watson, the Board's retainer investment consulting firm, reviewed the results of the Ennis Knupp analysis, which concluded the current mix of risky assets to fixed income assets is appropriate and the portfolio is well diversified. While Ennis Knupp did not require changes to the asset mix, they did, however, recommend some opportunities to fine tune the allocations to gain incremental efficiencies. The Board is currently reviewing the recommendations and will made appropriate changes after a thorough analysis of the results.

DCRB recently hired a senior investment strategist with extensive private sector experience, who is assisting in evaluating and monitoring the risk management capabilities and short and long term performance of the investment managers.

**INITIATIVE 5.1: Assess the impact of the current risk level on the funding status of the Plans and make appropriate overall investment management strategies to buttress the Plans' funded positions.**

- Please assign the agency a letter grade, from A to F, based on whether it is on track to accomplish this initiative. Please justify this grade.

**Grade: B-**

**Justification:** While financial markets have been volatile in recent years, such turbulence had minimal impact on the Plans' funding status in fiscal year 2009. According to the recent actuarial valuation as of October 1, 2009, the combined Plans had a funding ratio of 103.7% (using the actuarial value of assets), which represented an increase of 1.3% in the Plans' funding ratio from the prior year of 102.4%. Although the performance of the Funds was down 16.9% at the end of fiscal year 2008, the performance turned around significantly in fiscal year 2009, ending up 14.4%. Because of asset smoothing, the results of positive or negative performance will be recognized over a seven year period.

Given the fact that the Plans' funding ratio has remained relatively stable during the recent financial crisis and the Funds' current asset allocation targets are within the recommended range, we would assign the DCRB the letter grade of "B-".

- How does DCRB plan to "continue to gain knowledge of the primary risks" to the Funds?

DCRB's investment consulting firm updates each year economic assumptions on inflation, interest rates and asset class performance and refreshes the asset liability analysis for the Plans. As part of the analysis, the consulting firm can vary key assumptions to measure the impact of uncertain events on performance results, contribution projections and funding status.

Also, the DCRB employs a professional staff, who closely monitors the performance of the Funds and of the external investment managers. The DCRB engages fiduciary investment consultants, who advises the DCRB on a wide range of issues, including investment structure, investment manager hiring and termination decisions, and transaction costs, among other things. In addition, the DCRB examines the costs associated with implementing its investment program on an annual basis by comparing its investment-related costs with those of its peers.