

Public Hearing
on
CA18-258, Proposed Multiyear Contract with Thompson, Cobb, Bazilio & Associates

Councilmember Mary Cheh, Chair
Committee on Government Operations and Environment

OFFICE OF EMPLOYEE APPEALS
DEPARTMENT OF HUMAN RESOURCES
THURSDAY, MARCH 4, 2010
10:00 A.M.
ROOM 120
JOHN A. WILSON BUILDING
1350 PENNSYLVANIA AVE. N.W.
WASHINGTON, DC 20004



Testimony of
Jeffrey Barnette

Associate Treasurer for Asset Management
Office of Finance and Treasury

Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia

Good morning, Council member Cheh and members of the committee. My name is Jeffrey Barnette, and I am the Associate Treasurer for Asset Management and I have oversight responsibility for the District's 457 and 401(a) pension plans for the Office of Finance and Treasury. Thank you for the opportunity to present testimony regarding the SSEB's selection of Thompson, Cobb, Bazilio and Associates (TCBA) as the recipient of the proposed contract award.

The Office of Finance and Treasury has fiduciary responsibility for the District's 401(a) and 457 Pension plans. On an annual basis we have the financial statements of the plans audited by an independent external auditor. This audit work is done to provide the highest level of assurance to the plan participants and others regarding the credibility of the financial statements. The use of an independent, external auditor provides the highest level of audit review and maintains the independent aspect that can't be achieved with an audit by an entity controlled by the District.

The OCFO, Office of Contracts issued an RFP through a competitive bid process. In reviewing the proposals in response to the RFP, the SSEB felt that TCBA provided the best value to the District TCBA has been the auditor for the pension plans during 6 of the 7 years. Over that timeframe, the plans have maintained an unqualified opinion (clean audit) and there have been no material findings.

With respect to the expenses associated with the plan audits, the plans are charged a minor administrative fee and a portion of that fee balance is used to pay for audit expenses. The normal procurement process is utilized to evaluate the competency of the provider as well as ensure that costs are competitive. We have also been able to utilize our prior experience working to TCBA to know they are a competent accounting firm.

The overall state of the District's pension plan is positive. Our participants continue to benefit from a diversified line up of investment options and the performance of the investments in our plans held up well in the recent market volatility. The final results of the FY 09 audit will be completed very soon and we expect the plans to receive a clean audit opinion from our independent auditors, which happen to be Thompson, Cobb, Bazilio and Associates (TCBA).

This concludes my testimony. I am prepared to address any questions that the committee may have.