



April 10, 2009

Hon. Robert Jackson
Chair, Committee on Education
New York City Council
250 Broadway, Rm. 1747
New York, NY 10007

Hon. Letitia James
Chair, Committee on Contracts
New York City Council
250 Broadway, Suite 1815
New York, NY 10007

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Carol Kellermann

**Executive Vice President
and Director of Research**

Charles Brecher

Deputy Research Director

Elizabeth Lynam

Dear Councilmember Jackson and Councilmember James:

This letter is submitted as written testimony to the City Council joint Education and Contracts Committee hearing on oversight of the Department of Education's Contracting and Procurement Process. CBC has two recommendations to increase accountability and transparency with regard to all of DOE's fiscal operations, including contracting and procurement. First, the New York City Comptroller's role in auditing the DOE should be codified; second, a firm deadline should be set by which the DOE must fully integrate with the City's Financial Management System (FMS).

Currently, all DOE contracts, competitive and non-competitive, greater than \$25,000 are registered with the Comptroller. This registration process includes a review of contractor information for integrity and performance and an opportunity for the Comptroller to express any objections. In addition DOE agrees to undergo audits by the Comptroller, although as a state instrumentality it is arguably not required to do so. CBC recommends formalizing the relationship between the Comptroller and the DOE. It is in the best interest of all parties to remove any ambiguity about the Comptroller's role and to keep the lines of accountability clear.

The DOE has sought to maintain fiscal transparency through its Galaxy information technology system and the Financial Accounting Management Information System (FAMIS). However, other city agencies and oversight entities including the Comptroller and Independent Budget Office use the Financial Management System (FMS) and have trouble accessing the DOE's budget information. Both FAMIS and FMS have similar functionality, allowing users to track and monitor budget data and approve payment requests, but the data is categorized differently by the two systems making it difficult to share and exchange information. The DOE has been working to integrate the FAMIS and FMS systems in order to increase financial access by oversight agencies since 2006.

Until these two systems are fully integrated, concerns regarding fiscal transparency will continue to arise. Therefore, we recommend setting a firm deadline by which these systems must interface with complete functionality, in order to facilitate complete transparency between the DOE and city oversight agencies.

CBC's recommendations involve strengthening existing accountability mechanisms without any substantial additional costs or drastic changes to infrastructure.

Thank you for considering our views. If you have any questions, feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Carol Kellermann", followed by a long horizontal line extending to the right.

Carol Kellermann
President