



City of Baltimore

Department of Planning

**Quadrennial Performance Audit for Fiscal Years
2011, 2012, 2013 and 2014**

Prepared by:



November 4, 2016

Prepared by:

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Submitted to:

City of Baltimore
via email

Thomas J. Stosur, Director, DOP
(Tom.Stosur@baltimorecity.gov)

Cc: Yoanna Moises, Principal Program
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TRANSMITTAL LETTER

To: Thomas J. Stosur, Director, DOP

Cc: Yoanna Moises, Principal Program Assessment Analyst

Date: November 4, 2016

Subject: Performance Audit of the Department of Planning

This letter transmits Hamilton Enterprises, LLC's draft report detailing the results of our performance audit of the Department of Planning for the fiscal years 2011, 2012, 2013 and 2014. The draft report contains our audit findings and recommendations for the five performance measures selected. The final report will include the Department of Planning's responses to the findings and Hamilton Enterprises, LLC's comment on those responses.

We would like to take this opportunity to express our appreciation for the courtesy and cooperation the Department of Planning extended to our auditors. If you have any questions or concerns regarding any of the findings, please feel free to contact Melissa Hamilton or John Allen at (301) 474-0147 or melissa.hamilton@usfti.com or john.allen@usfti.com.

Sincerely,

Hamilton Enterprises LLC

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I. Executive Summary

October 2016

Audit Report Highlights

Why We Did This Audit

This audit was conducted as part of the Council Bill 12-0053, which amended the City Charter to require “Principal Agencies” to undergo a performance audit once every four years.

What We Recommend

The Department of Planning should document the processes and controls surrounding the measurement and monitoring of Department performance.

Background

Hamilton Enterprises, LLC, an independent public accounting firm, was contracted by the City of Baltimore to perform a performance audit of five Department of Planning (DOP) management performance measures.

This report is intended solely for the information and use of DOP and those charged with Baltimore City governance and is not intended and should not be used by anyone other than those specified parties.

Our work was conducted in accordance with Generally Accepted Governmental Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Objectives and Scope

The objectives of this audit were to assess the reliability, validity, or relevance of five performance measures concerning program effectiveness and efficiency for DOP for the fiscal years ending June 30, 2011 through June 30, 2014.

What We Found

We found instances where the performance measures lacked supporting documents to substantiate the reported numbers. These amounts were unverifiable. We also found instances where the performance measures lacked documented policies, procedures, or internal controls relating to the measurement, evaluation or reporting of performance measures.

Hamilton Enterprises LLC

Greenbelt, Maryland
November 4, 2016

II. Background

In August 2012, the City of Baltimore enacted Council Bill 12-0053. This Bill amended the City Charter to include Article VII, Section 4.5 “Agency Audits”. The Amendment was approved in November 2012 through a public ballot. Article VII, Section 4.5 requires certain Executive Departments referred to as “Principal Agencies” to undergo a financial statement and performance audit once every four years. The scope of these audits would encompass the preceding four years.

Hamilton Enterprises, LLC, an independent public accounting firm, was contracted by the City of Baltimore to perform a performance audit of five Department of Planning (DOP) management performance measures.

DOP’s mission is to build Baltimore as a diverse, sustainable and thriving city of neighborhoods and as the economic and cultural driver for the region.

DOP has the following major responsibilities:

- Preparing and updating plans showing the physical development of the City;
- Developing a capital budget and six-year capital development program for consideration of the Board of Estimates;
- Developing and maintaining a Comprehensive Master Plan for the City;
- Reviewing all proposals for the subdivision of land within the City for conformance to specified standards; and
- Reviewing all proposed amendments to the City's Zoning Ordinance and making recommendations to the City Council.

III. Objective, Scope and Methodology

Audit Objective

This audit was conducted to assess five performance measures “to determine whether the agency is operating economically and efficiently and whether corrective actions for improving its performance are appropriate.”¹

Scope

The scope of this audit was to select five performance measures from those maintained by DOP during the fiscal years ending June 30, 2011 through June 30, 2014. The FY 2014 budget listed nineteen (19) performance measures related to four (4) services offered by DOP.

Methodology

We excluded measures which (1) did not have data available for audit across all fiscal years or (2) are no longer being used to measure DOP’s performance, which left eight (8) measures

¹ Source: Quadrennial Audits Policy, page 2

available for selection. We evaluated the relevance and usefulness of the remaining performance measures and used our professional judgment to suggest five performance measures for evaluation. We solicited feedback from DOP, City Council, and the Director of Finance. In an effort to provide the City of Baltimore and DOP with the highest audit value, we incorporated this additional feedback and insight into our selection process.

The following measures were selected for audit:

- 1. Development Oversight and Project Support – Service 761**
 - a. % of subdivision reviews receiving Planning Commission approval within 30 days
 - b. Measure Type: Effectiveness

- 2. Development Oversight and Project Support – Service 761**
 - a. Average # of Site Plan Review Committee meetings required for plan approval
 - b. Measure Type: Efficiency

- 3. Historical Preservation – Service 762**
 - a. % of completed notice to proceed permit applications reviewed within 48 hours
 - b. Measure Type: Effectiveness

- 4. Comprehensive Planning and Resource Management – Service 763**
 - a. Average # of days for basic permit review
 - b. Measure Type: Efficiency

- 5. Planning for a Sustainable Baltimore – Service 765**
 - a. % of Baltimore Sustainability Plan strategies initiated
 - b. Measure Type: Efficiency

For each measure identified above, we performed a walkthrough with the Assistant Director, Division Chief, and Planner Supervisor, and their support staff to understand the processes and calculations surrounding each performance measure. For each performance measure, we requested procedures and supporting documentation for the target and actual measurement.

We then assessed each performance measure using the below criteria:

1. Performance measurements are accurately worded, and are consistently and accurately calculated to provide for meaningful comparisons over time.

2. Performance measure targets and actuals are supported by documented procedures for the data collection, calculation, and validation methods used, including controls to ensure the integrity of the data during the collection, processing/calculation, and reporting processes. Targets should be ambitious but realistic as compared to past performance levels, considering any changes in resource level, service reductions, or plans for improvement.

3. Performance measurements focus on the needs and demands of the citizens of Baltimore, and are useful to determine whether the agency is operating economically and efficiently and support budget and management decisions.

IV. Audit Results

1. Development Oversight and Project Support – Service 761

	<u>FY 11</u> <u>Target</u>	<u>FY 11</u> <u>Actual</u>	<u>FY12</u> <u>Target</u>	<u>FY12</u> <u>Actual</u>	<u>FY 13</u> <u>Target</u>	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Target</u>	<u>FY 14</u> <u>Actual</u>
% of subdivision reviews receiving Planning Commission approval < 30 days	65.0%	63.0%	75.0%	88.0%	75.0%	85.0%	90.0%	87.0%

Performance Measure Background

One of the key responsibilities of the Planning Commission is to review all proposals for the subdivision of land within the City for conformance to specified standards. The Planning Commission relies on the staff of the DOP to accomplish this responsibility.² The purpose of the measure is to ensure that plans for subdivision projects are brought to the Planning Commission for a prompt, final decision. This measure is tracked by an index of all subdivision projects and uses a simple date calculation between the Final Plan’s submittal date and the date of the Planning Commission meeting to calculate the percentage of subdivision reviews receiving Planning Commission approval within 30 days.

Audit Results

Our audit identified the following:

- a) We were able to replicate the calculation for the actual performance measure reported for FY 2012-2014. The FY 2011 supporting details were not archived and could not be verified.
- b) Targets were consistently calculated and provided meaningful comparisons to actual performance.
- c) DOP does not have documented procedures for the data collection, calculation, and validation methods used. They also have not established controls for the recording, reviewing and reporting of the target and actual performance measure.

² Source: <http://pc.baltimorecity.gov/>

2. Development Oversight and Project Support – Service 761

	<u>FY 11</u> <u>Target</u>	<u>FY 11</u> <u>Actual</u>	<u>FY12</u> <u>Target</u>	<u>FY12</u> <u>Actual</u>	<u>FY 13</u> <u>Target</u>	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Target</u>	<u>FY 14</u> <u>Actual</u>
Average # of site plan review committee meetings required for plan approval	1.50	1.20	1.50	1.27	1.20	1.16	1.20	1.23

Performance Measure Background

The Site Plan Review Committee (SPRC) provides joint recommendations in a coordinated inter-agency review to ensure that, at a minimum, proposed development complies with the Comprehensive Plan, Baltimore City Zoning Code, Subdivision Rules and Regulations, Building Codes, Environmental codes and regulations, and other commonly accepted planning, transportation and institutional guidelines and requirements.³

Projects are scored based on the number of reviews:

- Approved as submitted = 1.0
- Approved with comments =1.5
- Projects with numerous reviews = 2.0

The total score is averaged annually to calculate actual performance.

Audit Results

Our audit identified the following:

- a) There were no supporting schedules or data available to audit to determine if the reported numbers were accurate.
- b) DOP does not have documented procedures for the data collection, calculation, and validation methods used. DOP does not have established controls for the recording, reviewing and reporting of the target and actual performance measure.

3. Historical Preservation – Service 762

	<u>FY 11</u> <u>Target</u>	<u>FY 11</u> <u>Actual</u>	<u>FY12</u> <u>Target</u>	<u>FY12</u> <u>Actual</u>	<u>FY 13</u> <u>Target</u>	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Target</u>	<u>FY 14</u> <u>Actual</u>
% of completed notice to proceed permit applications reviewed within 48 hours	70.0%	80.0%	70.0%	70.0%	70.0%	65.0%	65.0%	60.0%

³ Source: <http://planning.baltimorecity.gov/commissions-review-panels/sprc>

Performance Measure Background

Each Authorization-to-proceed (ATP, formally known as a Notice-to-proceed) captures the date when staff received a completed application and when the ATP was issued. An undocumented process using these documents established the reported actual and target percentages. The Historic and Architectural Preservation Division uses this measure to improve performance as it helps create annual work-programs for the Division; balance work load among staff; evaluate staff performance; and revise ATP review procedures for efficiency.

Audit Results

Our audit identified the following:

- a) The actual performance measure accurately reflected the reported FY 2012-2014 and we were able to replicate the calculation. However, the FY 2011 supporting details were not archived and could not be verified.
- b) Targets were consistently calculated and provided meaningful comparisons to actual performance.
- c) DOP does not have documented procedures for the data collection, calculation, and validation methods used. DOP does not have established controls for the recording, reviewing and reporting of the target and actual performance measure.

4. Comprehensive Planning and Resource Management – Service 763

	<u>FY 11</u> <u>Target</u>	<u>FY 11</u> <u>Actual</u>	<u>FY12</u> <u>Target</u>	<u>FY12</u> <u>Actual</u>	<u>FY 13</u> <u>Target</u>	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Target</u>	<u>FY 14</u> <u>Actual</u>
Average # of days for basic permit review	2.8	2.2	3.0	3.6	3.0	2.4	3.0	2.5

Performance Measure Background

The Department of Planning reviews and approves Urban Renewal Plan permits on behalf of the Housing and Community Development with a target of reviewing applications within three business days.

Audit Results

Our audit identified the following:

- a) The actual performance measure was accurately reflected in what was reported for FY 2011, 2013, and 2014 and we were able to reperform the calculation. However, the actual performance measure for FY 2012 could not be validated from the supporting schedule provided by DOP. The original documentation supporting the amounts reported was not

archived. DOP attempted to replicate the supporting data, but the SQL query used to extract the data had been changed at some point during the audit years and could not be replicated.

- b) Targets were consistently calculated and provided meaningful comparisons to actual performance.

5. Planning for a Sustainable Baltimore – Service 765

	<u>FY 11</u> <u>Target</u>	<u>FY 11</u> <u>Actual</u>	<u>FY12</u> <u>Target</u>	<u>FY12</u> <u>Actual</u>	<u>FY 13</u> <u>Target</u>	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Target</u>	<u>FY 14</u> <u>Actual</u>
% of Baltimore Sustainability Plan strategies initiated	30.0%	34.0%	35.0%	71.0%	40.0%	78.0%	75.0%	83.0%

Performance Measure Background

The Baltimore Sustainability Plan was adopted in 2009 and contains 29 goals and 132 strategies organized around 7 themes: Cleanliness, Pollution Prevention, Resource Conservation, Greening, Transportation, Education and Awareness, and Green Economy. The Office of Sustainability has issued an Annual Report each year, beginning in 2009. Beginning with the 2011 Annual Report, a matrix is included at the beginning of the report to indicate the progress made in initiating and completing the Sustainability Plan strategies. On the implementation matrix, progress is indicated by categorizing a strategy as one of the following: Still Pending, Very Early Stages, Early Stages, Mid-Stages, Advanced Stages, and Implemented/Ongoing. Still Pending indicates that a strategy has not been initiated and Implemented/Ongoing indicates that a strategy has either been completed or is substantially complete but requires ongoing activity to maintain. Most of the strategies require a number of years of work to implement.

Audit Results

Our audit identified the following:

- a) There were no supporting schedules or data for us to audit to determine if the numbers reported were correctly stated.
- b) DOP does not have documented procedures for the data collection, calculation, and validation methods used. DOP does not have established controls for the recording, reviewing and reporting of the target and actual performance measure.

V. Recommendations

DOP should document the procedures, frequencies and methods used for data collection, calculation, and validation, including any limitations in the underlying data and controls to

ensure the integrity of the data during the collection, processing/calculation, and reporting processes.

They should also document how the target is set based on the budget, what cost-effective methods are planned to improve performance with the expected implementation timeframe, and how actual performance is monitored and evaluated against targets to address any deviations and validate that the measure remains relevant to assess the service's performance over time.

DOP should also document the service representatives (with the appropriate knowledge and experience) responsible for the measurement, recording, reporting, and approval of target and actual performance to include appropriate segregation of duties. DOP should document the information and support to be retained to substantiate the amounts reported in a manner that could be evaluated by a third-party for accuracy, validity, and correctness; including evidence of management's review and approval.

VI. Audit Responses

Please see attached DOP's response to the audit results. We have provided a summarized version below with our responses.

Although, DOP did not comment on the specific audit findings for each performance measure reviewed, DOP provided responses to the recommendations reflected in Section V. Hamilton considers the absence of comment on the specific findings as concurrence by DOP.

- a) DOP should document the procedures, frequencies and methods used for data collection, calculation, and validation, including any limitations in the underlying data and controls to ensure the integrity of the data during the collection, processing/calculation, and reporting processes.**

DOP response: DOP will take appropriate steps to correct any deficiencies in documenting performance. The DOP requests that Hamilton specify the type of required documentation and provide examples of acceptable procedures.

Hamilton response: Hamilton agrees with DOP that it should take the necessary steps for improvement. Hamilton believes its participation is beyond the scope of the audit.

- b) They should also document how the target is set based on the budget, what cost-effective methods are planned to improve performance with the expected implementation timeframe, and how actual performance is monitored and evaluated against targets to address any deviations and validate that the measure remains relevant to assess the service's performance over time**

DOP response: DOP would welcome specific guidance from the auditors and the City Budget staff to assist in addressing the recommendation.

Hamilton response: Hamilton agrees that DOP should work closely with the City Budget staff to implement the recommendation. Hamilton believes its participation is beyond the scope of the audit.

- c) **DOP should also document the service representatives (with the appropriate knowledge and experience) responsible for the measurement, recording, reporting, and approval of target and actual performance to include appropriate segregation of duties. DOP should document the information and support to be retained to substantiate the amounts reported in a manner that could be evaluated by a third-party for accuracy, validity, and correctness; including evidence of management's review and approval.**

DOP response: DOP recommends that the City Budget staff and Hamilton develop a template.

Hamilton response: Hamilton agrees that DOP should work closely with the City Budget staff to implement the recommendation. Hamilton believes its participation is beyond the scope of the audit.

ATTACHMENTS

Agency's full response is attached



November 2, 2016

Hamilton Enterprises LLC
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To Whom It May Concern:

Please see below the Department of Planning (DOP) official responses to the audit findings and recommendations.

- **Recommendation:** DOP should document the procedures, frequencies and methods used for data collection, calculation, and validation, including any limitations in the underlying data and controls to ensure the integrity of the data during the collection, processing/ calculation, and reporting processes.

Planning Response: The DOP will take appropriate steps to correct any deficiencies in documenting performance for this measure. It would be helpful if the audit team could specify the type of better documentation required. In particular, it would be helpful for the auditors to provide examples of acceptable procedures for documenting progress on complicated, multi-stakeholder recommendations such as those in our Sustainability Plan.

- **Recommendation:** They should also document how the target is set based on the budget, what cost-effective methods are planned to improve performance with the expected implementation timeframe, and how actual performance is monitored and evaluated against targets to address any deviations and validate that the measure remains relevant to assess the service's performance over time.

Planning Response: The DOP would welcome any specific guidance that the auditors and the City Budget staff are able to provide to assist us in addressing this recommendation.

- **Recommendation:** DOP should also document the service representatives (with the appropriate knowledge and experience) responsible for the measurement, recording, reporting, and approval of target and actual performance to include appropriate segregation of duties. DOP should document the information and support to be retained to substantiate the amounts reported in a manner that could be evaluated by a third-party for accuracy, validity, and correctness; including evidence of management's review and approval.

Planning Response: The DoP recommends that the City Budget staff and the audit team develop a template for addressing these items that could be utilized by all City agencies.

The Department wishes to thank the audit team for its professionalism, and we look forward to implementing improvements to our procedures to improve our accountability to the citizens of Baltimore and to better report on the progress of our practices and initiatives.

Sincerely,



Thomas J. Stosur
Director