



## City of Baltimore

### Department of Housing and Community Development

### Quadrennial Performance Audit for FY 2011, 2012, 2013 & 2014

Prepared by:



October 21, 2016

***Prepared by:***

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***Submitted to:***

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Cc: Yoanna Moises, Principal Program  
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TRANSMITTAL LETTER

To: Sieglinde Chambliss, Chief Financial Officer - HABC/DHCD  
William Colbert, DHCD Chief of Fiscal Services  
Cc: Yoanna Moises, Principal Program Assessment Analyst

**Date:** October 21, 2016

**Subject:** Performance Audit of the Department of Housing and Community Development

This letter transmits Hamilton Enterprises, LLC's final report detailing the results of our performance audit of the Department of Housing and Community Development for the fiscal years 2011, 2012, 2013 and 2014. The final report contains our audit findings and recommendations for the five performance measures selected. The final report includes the Department of Housing and Community Development'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 Housing and Community Development extended to our auditors. If you have any questions or concerns regarding any of the findings, please feel free to contact Melissa Hamilton or Gary Adams at (301) 474-0147 or [melissa.hamilton@usfti.com](mailto:melissa.hamilton@usfti.com) or [gary.adams@usfti.com](mailto:gary.adams@usfti.com).

Sincerely,

*Hamilton Enterprises LLC*

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## I. Executive Summary

September 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**

HCD should review and document how each of its performance measures meet the City’s SMART test as well as the service representative(s) responsible for the measurement, recording, reporting, and approval of target and actual performance to include appropriate segregation of duties. HCD should consider implementing quarterly reviews with the services to provide oversight into the performance measurement process and accountability for the achievement of performance objectives.

### *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 Housing and Community Development (HCD) management performance measures.

This report is intended solely for the information and use of HCD 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 HCD for the fiscal years ending June 30, 2011 through June 30, 2014.

### *What We Found*

We found instances where the performance measure wording could cause the user to misinterpret the performance being reported and/or the measure was not consistently reported to allow the user to assess the service’s performance over time. One of the five performance measures could not be substantiated due to lack of supporting documentation.

*Hamilton Enterprises LLC*

Greenbelt, Maryland  
October 21, 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 Housing and Community Development (HCD) management performance measures.

HCD’s mission is to ensure that all citizens of Baltimore City have access to adequate and affordable housing opportunities in safe, livable and decent neighborhoods. The department is committed to expanding housing choices and promoting healthy neighborhoods for all the citizens of Baltimore.

HCD has the following major responsibilities for housing:

- ) Increasing the availability of new housing for low and moderate income families;
- ) Providing financing to rehabilitate older housing stock;
- ) Recycling land and buildings to maximize community stability to enhance the potential for job creation and increasing the assessable tax base;
- ) Proposing and expediting the funding of community projects;
- ) Ensuring the safety and structural integrity of all buildings;
- ) Enforcing the City’s housing code;
- ) Increasing homeownership opportunities;
- ) Assisting the indigent with housing and emergency services;
- ) Preserving the historic integrity of older neighborhoods and buildings; and
- ) Providing technical assistance and operating support to nonprofit organizations that support the City’s housing mission.

## 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.”<sup>1</sup>

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<sup>1</sup> Source: Quadrennial Audits Policy, page 2

## Scope

The scope of this audit was to select five performance measures from those maintained by HCD during the fiscal years ending June 30, 2011 through June 30, 2014. The FY 2014 budget listed fifty-three performance measures related to fourteen services offered by HCD.




## Methodology

To select the five performance measures for evaluation, we performed a risk assessment of HCD's services and the related performance measures. The risk assessment began with gaining an understanding of each of the services by meeting with the HCD administration. We then developed risk categories and provided a risk rating for each category to calculate an overall risk rating of the service.

Service Number	Service Name	Risk Category						Overall Rating
		Financial	Operational	Audit Benefit	Compliance/Liability	Public Perception	Public Safety	
593	Community Support Projects	3.00	2.00	2.00	3.00	2.00	2.00	2.33
604	Early Childhood Education	2.00	3.00	1.00	2.00	1.00	2.00	1.83
737	Administration - HCD	3.00	3.00	1.00	1.00	1.00	1.00	1.67
738	Energy Assistance	3.00	3.00	2.00	2.00	2.00	1.00	2.17
740	Dawson Center	1.00	1.00	1.00	2.00	2.00	2.00	1.50
742	Promote Home Ownership	1.00	2.00	2.00	3.00	3.00	2.00	2.17
745	Housing Code Enforcement	3.00	3.00	3.00	3.00	3.00	3.00	3.00
747	Register and License Properties and Contractors	1.00	2.00	2.00	3.00	3.00	3.00	2.33
748	Housing Development Finance and Project Management	2.00	2.00	2.00	3.00	3.00	2.00	2.33
749	Blight Elimination	3.00	3.00	3.00	2.00	3.00	2.00	2.67
750	Housing Rehabilitation Loans	3.00	3.00	3.00	3.00	3.00	2.00	2.83
751	Building and Zoning Inspections and Permits	3.00	3.00	2.00	3.00	2.00	3.00	2.67
752	Community Outreach Services	2.00	1.00	1.00	2.00	3.00	3.00	2.00
754	Summer Food Service Program	3.00	1.00	2.00	3.00	2.00	2.00	2.17

Figure 2 - Department of Housing and Community Development Service Risk Assessment

As shown in Figure 2, our risk assessment process began by rating each service in different risk categories. These risk categories included:

Legend	
	= Low Risk
	= Medium Risk
	= High Risk

- ) **Financial Risk:** relates to the amount of funds allocated by the City/Department to the service.
- ) **Operational Risk:** relates to the size and complexity of the operations within the service.
- ) **Audit Benefit:** relates to the value added in performing audit procedures within this service. This category utilizes our professional judgment to determine areas that we believe would benefit from our evaluation.
- ) **Compliance:** considers the risks with laws and regulations surrounding the service that could potentially affect the City/Department.

- ) **Public Perception:** considers the interests of the people within the City of Baltimore. Highly visible or important issues facing the City are perceived to have a higher risk.
- ) **Public Safety:** considers the risk of the safety of the citizens of the City of Baltimore.

Once an overall risk rating was assigned to each service we inspected the performance measures within the highest risk service areas. Each service contains three to five measures focusing on effectiveness, efficiency, outcome, and output. We excluded measures which were new and therefore did not have data available across all fiscal years within the scope of our audit. 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 HCD, the Bureau of Budget and Management Research, City Council, and the Director of Finance on our five suggested performance measures. In an effort to provide the City of Baltimore and HCD with the highest audit value, we incorporated this additional feedback and insight into our selection.

The following measures were selected for audit:

- 1. Housing Code Enforcement – Service 745**
  - a. % of service requests closed on time (15 days)
  - b. Measure Type: Effectiveness
- 2. Register and License Properties and Contractors – Service 747**
  - a. % of multi-family dwellings inspected without life/safety violations at time of annual inspection (Calendar Year)
  - b. Measure Type: Outcome
- 3. Blight Elimination – Service 749**
  - a. % of disposition completed within 120 days
  - b. Measure Type: Effectiveness
- 4. Housing Rehabilitation Loans – Service 750**
  - a. Administrative cost rate (admin/# of households assisted)
  - b. Measure Type: Efficiency
- 5. Building and Zoning Inspections and Permits – Service 751**
  - a. % of inspections completed on time (1 business day)
  - b. Measure Type: Effectiveness

For each measure identified above, we performed a walkthrough with the Deputy Commissioners, the Assistant Commissioners, 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. Housing Code Enforcement – Service 745

<u>Performance measure</u>	<u>FY 11</u> <u>Target</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Target</u>	<u>FY 12</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 service requests closed on time (15 days)	97%	95%	97%	89%	97%	99%	95%	93%

The Housing Code Enforcement (HCE) Service is responsible for providing safe and attractive neighborhoods through effective investigation and enforcement of building, property maintenance, and related costs. This service has an annual budget in FY 2014 of approximately \$14.1 million and 188 employee positions.

Citizens call 311 to report housing code violations or can upload information by using web access. Each service request has a tracking ID. There is a call center that can pull up HCE’s action or citizens can pull up HCE’s actions online and receive email updates. The performance measure is meant to capture HCE’s effectiveness by measuring the percentage of service requests related to housing code violations closed within fifteen days or less against the target percentage.

#### Audit Results

Our audit identified that the actual performance reported for FY 2012 was inconsistently calculated in that the service request type “HCD-Sanitation Occupied Private Property” was included in the FY 2012 calculation, but excluded in all other years. This service request type should have been excluded from the actual calculations for FY 2012, which would have made



the FY 2012 metric 95% instead of the reported 89%, to be comparable with prior and future years.

**Register and License Properties and Contractors – Service 747**

<u>Performance measure</u>	<u>FY 11</u> <u>Target</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Target</u>	<u>FY 12</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 Multi-Family Dwellings inspected without life/safety violations at time of annual inspection (CY)	70%	67%	75%	74%	75%	74%	75%	75%

**Performance Measure Background**

The Register and License Properties and Contractors Service ensures the qualification of contractors by:

- a) Licensing electricians, demolition contractors, plumbers and HVAC trades people annually to perform work in Baltimore City.
- b) Licensing multiple family dwellings to ensure that minimum fire and safety standards are met.
- c) Registering non-owner occupied dwelling units and vacant lots to ensure that current contact information is updated for code enforcement purposes.

This service has an annual budget in FY 2014 of approximately \$0.6 million and 9 employee positions.

The Baltimore City Code, Article 13, Subtitle 5-1, states that, no person may operate any multiple-family dwelling or rooming house without a license to do so from the Commissioner. A license may be issued or renewed if: all dwelling units are currently registered; the registration fee has been paid; lead paint certification (Part C) is complete; and the annual inspection has been completed. The life safety review is included in the annual inspection.

The performance measure is meant to capture the outcome of multi-family dwellings inspected without life/safety violations at the time of the annual inspection on a calendar year (CY) basis against the target percentage.

**Audit Results**

Our audit identified the following:

- a) The wording of the measure does not reflect what is being measured. The measure is % of multi-family dwellings inspected without life/safety violations at time of annual inspection (CY); however life/safety violations are not separately tracked so the measure reports the % of multi-family dwellings inspected with no violations at time of annual

inspection (CY). There is no separate measurement of life/safety violations, so all violations are counted.

- b) The reported amounts for all years are meant to reflect the prior calendar year. For example, fiscal year 2011 is based on dwellings inspected during calendar year 2010. However, both FY 2012 and 2013 reflect the calendar year 2012 performance. For consistent reporting, FY 2012 should have reflected calendar year 2011, which was 64 percent, not 75 percent.

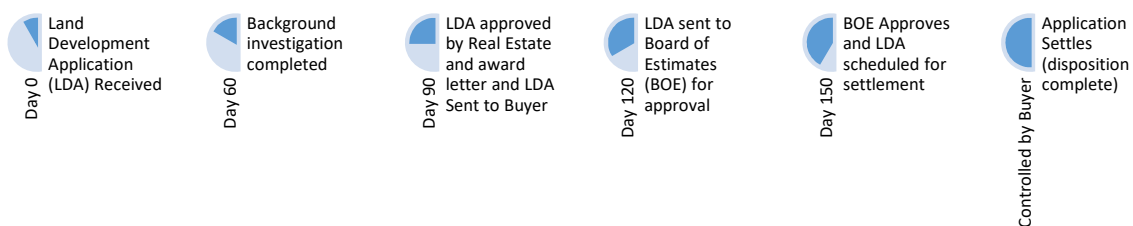
### 3. Blight Elimination – Service 749

<u>Performance measure</u>	<u>FY 11 Target</u>	<u>FY 11 Actual</u>	<u>FY 12 Target</u>	<u>FY 12 Actual</u>	<u>FY 13 Target</u>	<u>FY 13 Actual</u>	<u>FY 14 Target</u>	<u>FY 14 Actual</u>
% of disposition completed within 120 days	80%	10%	90%	90%	90%	80%	90%	87%

#### Performance Measure Background

The Blight Elimination Service supports neighborhood revitalization and mixed income community development by eliminating blight caused by vacant and abandoned properties and returning them to productive use. This service is an important component of the City's Vacants to Value initiative managed by the Land Resources Division (LRD). This service has an annual budget in FY 2014 of approximately \$2.5 million and 49 employee positions.

Timely and efficient sale of City-Owned property is extremely important. Developers need to rely on the predictability in the process. Several milestones must be achieved between receiving an application to purchase property and reaching settlement with the buyer. A summary of the milestones and target timeframes to complete the disposition are provided in the figure below:



Currently, LRD collects data using a custom application that was developed specifically to meet HCD's needs, called CoBLAM. CoBLAM collects all the details of HCD owned property from intake to disposition. Users are responsible for entering the data in a timely manner, so that the report generator within the database can gather the data in an exportable format for analysis.

## Audit Results

Our audit identified the following:

- a) LRD refined the measurement methodology across the years under audit to better reflect the portion of the process under its control; however, these changes make the actual performance reported inconsistent for comparison across years prior to FY 2013. We identified three different methods used across the four year period within the scope of our audit.
  - ) For FY 11, the measure is calculated by dividing the number of applications settled within 120 days by the total settlements during the FY.
  - ) For FY 12, the measure is calculated by dividing the number of applications approved by the Board of Estimates within 120 days by the total settlements during the FY, less outliers. Note: The actual performance measure for FY12 was reported incorrectly in the budget. According to LRD, it should have been reported as 50% not 90%.
  - ) For FY 13-14, the measure is calculated by counting the number of applications where the date the LDA is sent to the BOE for approval less the LDA award date is within 120 days and dividing by the total settlements during the FY, less outliers.

Additionally, as LRD refined the measure it did not update the wording to reflect the calculation changes. The measure is worded "% of disposition completed within 120 days". This implies it measures the % of dispositions completed (from application to settlement) within 120 days. This was the case in FY 11, but in FY 13-14 it is measuring the % of land dispositions sent to the BOE for approval within 120 days from award date. This calculation method is misleading in that the portion of the process being measured has a target completion of 30 days, but performance is measured against a target of 120 days.

- b) The target performance measure has been consistently set at 90% since FY12, but FY14 is the only year the Service came close to meeting this target, and 19% of all settlements were excluded as outliers in that year. During FY 12, LRD began excluding outliers from the calculation to better reflect the portion of the process within LRD's control. There are two types of outliers. The first type we classified as "delay outliers" which are defined as applications that produce negative or very high numbers due to extreme delays from large development projects or developer financing issues. The second type we classified as "data integrity outliers" because the number of days cannot be calculated due to incomplete or inconsistent data records. The table below reflects the count and percentage of the total applications that were excluded from the calculation.

<i>Year</i>	<i>Delay outliers (Count)</i>	<i>Data integrity outliers (Count)</i>	<i>Total settlements</i>	<i>% settlements excluded</i>
<i>FY12</i>	8	5	58	22%
<i>FY13</i>	11	8	81	23%
<i>FY14</i>	6	9	81	19%

**4. Housing Rehabilitation Loans – Service 750**

<u>Performance measure</u>	<u>FY 11 Target</u>	<u>FY 11 Actual</u>	<u>FY 12 Target</u>	<u>FY 12 Actual</u>	<u>FY 13 Target</u>	<u>FY 13 Actual</u>	<u>FY 14 Target</u>	<u>FY 14 Actual</u>
Administrative cost rate (admin/# of households assisted)	\$ 4,560	\$ 3,848	\$ 4,490	\$ 4,490	\$ 3,040	\$ 3,950	\$ 3,000	\$ 3,361

**Performance Measure Background**

The Housing Rehabilitation Loans Service provides deferred rehabilitation loans to eligible seniors and low income households for home improvements necessary to maintain safety and health, such as roofing, structural damage and emergency repairs and furnace replacements. This service also provides lead abatement services to reduce lead poisoning of Baltimore City children.

This service has an annual budget in FY 2014 of approximately \$2.7 million and 24 employee positions.

**Audit Results**

Our audit identified the following:

- a) The targets were not consistently calculated across the years reported to provide meaningful comparisons and HCD could not provide a method or supporting documentation for how the targets were developed.
- b) Support was not available to substantiate the actual amounts reported.

**5. Building and Zoning Inspections and Permits – Service 751**

<u>Performance measure</u>	<u>FY 11 Target</u>	<u>FY 11 Actual</u>	<u>FY 12 Target</u>	<u>FY 12 Actual</u>	<u>FY 13 Target</u>	<u>FY 13 Actual</u>	<u>FY 14 Target</u>	<u>FY 14 Actual</u>
% of inspections completed on time (1 business day)	70%	98%	65%	94%	70%	99%	85%	57%

## Performance Measure Background

The Building and Zoning Inspections and Permits Service provides monitoring of construction activity to ensure the safety and integrity of new construction and alterations by reviewing permit applications and construction drawings for building, electrical, mechanical, zoning, and other related codes. Subsequent inspections are made to ensure compliance.

The City requires new construction comply with adopted international building codes. After submission of a compliant construction document, the permit is reviewed. The builder must call for an inspection by HCD to ensure that the construction is fulfilling the requirements of the permit. HCD's goal is to provide the inspection within one business day. The IVR system, is an interactive voice system that allows request calls to be received 24/7. If the call is received before 2 PM, the requestor will receive the inspection by the next business day. This is an important measure as the City wants to be known as investment friendly.

This service has an annual budget in FY 2014 of approximately \$5.8 million and 78 employee positions.

## Audit Results

Our audit identified the following:

- a) The measure is intended to report the number of inspections performed within one business day of the customer's request through the interactive voice response system. During FY 2011-2013, the measure was calculated as the number of inspections completed within 1 business day from the day they were scheduled to occur not from when they were requested. Additionally, it included unscheduled inspections (the inspector performed the inspection based on a customer request while in the field) which are not relevant to this measure. In FY 2014, HCD changed the calculation method to reflect what it is reported to measure (i.e. number of inspections performed within one business day of the customer's request, excluding unscheduled inspections).
- b) The targets are not consistently calculated across the years reported to provide meaningful comparisons and HCD could not provide a method for how the targets were developed.

## V. Recommendations

HCD should review and document how each performance measure meets the City's SMART test in that it is:

- J) **Specific** – confirm that the wording used to describe the measure is clear and focused to avoid misinterpretation and reflects the measurement calculation, document the

measurement assumptions and definitions, and explain why the measure was chosen i.e. how it links to the service's goals and advancement of priority outcomes.

- J) **Measurable** – 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.
- J) **Ambitious, Realistic and Time Bound** – 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 will be monitored and evaluated against targets to address any deviations and validate that the measure remains relevant to assess the service's performance over time.

HCD 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. HCD should document and retain information to support the amounts reported in a manner that could be evaluated by a third-party for accuracy, validity, and correctness.

HCD should consider implementing quarterly reviews with the services to provide oversight into the performance measurement process and accountability for the achievement of performance objectives. Quarterly reviews would allow the HCD to identify problems early, take necessary corrective action, and adjust strategies and resource allocations accordingly.

## VI. Audit Responses

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

HCD provided insight to the modifications undergone in the implementation of Outcome Based Budgeting (OBB) that was new to the City during the fiscal years covered by the audit. HCD has made significant efforts to standardize its performance measure recordation methods and to document the procedures for collecting, calculating and validating data targets. They plan to take appropriate actions to address the issues raised by the audit and to work with the City's Budget Bureau to ensure that performance measures are accurately and consistently tracked.

### 1. Housing Code Enforcement – Service 745

*The actual performance reported for FY 2012 was inconsistently calculated in that the service request type “HCD-Sanitation Occupied Private Property” was included in the FY 2012 calculation, but excluded in all other years*

HCD's response: In FY 2011 and FY 2012 “HCD-Sanitation Occupied Private Property” was phased out. In FY 2012, the old request type was not removed from the calculation of the metric, resulting in a lower field for that year. In the years since the transition, the new types have been consistently calculated.

Hamilton's response: Hamilton considers this a concurrence with the finding.

### 2. Register and License Properties and Contractors – Service 747

*a) The wording of the measure does not reflect what is being measured.*

HCD's response: HCD recognizes that rewording the description could add clarity and will work with the City's Budget Bureau to make any such changes.

Hamilton's response: Hamilton considers this a concurrence with the finding.

*b) The reported amounts for all years are meant to reflect the prior calendar year. However, both FY 2012 and 2013 reflect the calendar year 2012 performance.*

HCD's response: HCD states that the calculation was made during the transition from the head of the legal section to the Director of CodeStat. HCD realized the inconsistency and made necessary corrections years before the audit was performed.

Hamilton's response: Hamilton considers this a concurrence with the finding.

### 3. Blight Elimination – Service 749

*a) LRD refined the measurement methodology across the years under audit to better reflect the portion of the process under its control; however, these changes make the actual performance reported inconsistent for comparison across years prior to FY 2013. We identified three different methods used across the four year period within the scope of our audit.*

*Additionally, as LRD refined the measure it did not update the wording to reflect the calculation changes.*

- b) The target performance measure has been consistently set at 90% since FY12, but FY14 is the only year the Service came close to meeting this target, and 19% of all settlements were excluded as outliers in that year. During FY 12, LRD began excluding outliers from the calculation to better reflect the portion of the process within LRD's control*

HCD's response: HCD states three different methods were used to calculate the measure. Methods changed from lessons learned in the first year of outcome budgeting, as the program evolved and priorities shifted and as large scale programmatic milestones were achieved. The Land Resources Division will work with the City's Budget Bureau to ensure that performance audit measures reflect what is tracked at CitiStat and consistently and accurately measures our performance.

Hamilton's response: Hamilton considers this a concurrence with the finding.

#### **4. Housing Rehabilitation Loans – Service 750**

- a) The targets were not consistently calculated across the years reported to provide meaningful comparisons and HCD could not provide a method or supporting documentation for how the targets were developed.*
- b) Support was not available to substantiate the actual amounts reported.*

HCD's response: Housing Rehabilitation Loans has experienced staff turnover at the leadership level, and no guidebook was developed that captured how the numbers were derived.

Hamilton's response: Hamilton considers this a concurrence with the finding.

#### **5. Building and Zoning Inspections and Permits – Service 751**

- a) The measure is intended to report the number of inspections performed within one business day of the customer's request through the interactive voice response system. During FY 2011-2013, the measure was calculated as the number of inspections completed within 1 business day from the day they were scheduled to occur not from when they were requested. Additionally, it included unscheduled inspections (the inspector performed the inspection based on a customer request while in the field) which are not relevant to this measure. In FY 2014, HCD changed the calculation method to reflect what it is reported to measure (i.e. number of inspections performed within one business day of the customer's request, excluding unscheduled inspections).*
- b) The targets are not consistently calculated across the years reported to provide meaningful comparisons and HCD could not provide a method for how the targets were developed.*



HCD's response: During the audited years, HCD has overhauled the building and trades inspections, increasing the timeliness and quality of service to customers. HCD has refined the measurements for tracking.

Hamilton's response: Hamilton considers this a concurrence with the finding.

## ATTACHMENTS

Agency's full response is attached



## BALTIMORE HOUSING

STEPHANIE  
RAWLINGS-BLAKE  
Mayor

PAUL T. GRAZIANO  
Executive Director, HABC  
Commissioner, HCD

October 17, 2016

Hamilton Enterprises, LLC  
9111 Edmonston Road, Suite 407  
Greenbelt, MD 20770

Re: Quadrennial Performance Audit, Fiscal Years 2011 – 2014  
Responses to Audit Results

Baltimore City's Department of Housing and Community Development (HCD) appreciates the opportunity to respond to the results of the above-referenced audit. In the fiscal years covered by this audit, Outcome Based Budgeting (OBB) was new to the City and had undergone several modifications during its early implementation stages. Correspondingly, as we have adapted our business practices in support of continued improvement to our public services, some of our data points and calculation methods have also changed. Throughout this process, HCD has made significant efforts to standardize its performance measure recordation methods and to document the procedures for collecting, calculating and validating data targets. We will take appropriate actions to address the issues raised by the audit and continue to work with the City's Budget Bureau to ensure that performance measures are accurately and consistently tracked.

Below are DHCD's responses to a number of audit results contained in the report for fiscal years 2011 through 2014:

### **Housing Code Enforcement – Service 745**

The audit states that the actual performance reported for FY 2012 was inconsistently calculated in that the customer service request type "HCD-Sanitation Occupied Private Property" was included in the FY 2012 calculation, but excluded in all other years.

#### *Agency Response:*

*During FY 2011 and FY 2012, the customer service request type "HCD-Sanitation Occupied Private Property" was phased out, as described in our FY 2012 budget submission. In FY 2012, as the transition was being made to the new service request type, the old request type was not removed from the calculation of the metric, resulting in a lower field for that year. In the years since the transition, the new types have been consistently calculated based on the new service request type.*



**Register and License Properties and Contractors – Service 747 – Part A**

The audit results for part (a) states that the wording of the measure does not reflect what is being measured.

*Agency Response:*

*This measure collapses a complex real-world activity into a single number. We recognize that rewording the description of this measure could add clarity as to its meaning, and we will work with the City's Budget Bureau to make any such changes.*

**Register and License Properties and Contractors – Service 747 – Part B**

The audit results for part (b) states that the reported amount for all years are meant to reflect the prior calendar year. However, both FY 2012 and FY 2013 reflect the calendar year 2012's performance.

*Agency Response:*

*This calculation was made during the time that reporting was transitioning from the head of the legal section to the Director of CodeStat. We realized this inconsistency and made necessary corrections years before the audit was performed.*

**Blight Elimination – Service 749 – Part A**

The audit results part (a) states that the measurement methodology was refined across the year under audit to better reflect the portion of the process under its control. The three refinements identified during the audit made the actual performance reported inconsistent for comparison in FY 2011 and FY 2012.

*Agency Response:*

*Three different methods were used across the four years audited to calculate the measure. Methods changed from lessons learned in the first year of outcome budgeting, as the program evolved and priorities shifted and as large scale programmatic milestones were achieved. After adjusting what milestones were better measures of our efficiency, improvements were made to enhance the quality of our data. This will allow us to measure our performance through milestones where we have the most control of the outcome. The Land Resources Division will work with the City's Budget Bureau to ensure that performance audit measures reflect what is tracked at CitiStat and consistently and accurately measures our performance.*

**Housing Rehabilitation Loans – Service 750**

The audit results states that targets were not consistently calculated across the years reported to provide meaningful comparisons and that HCD could not provide methodology and supporting documentation for how the targets were developed.

*Agency Response:*

*Housing Rehabilitation Loans has experienced staff turnover at the leadership level, and no guidebook was developed that captured how the numbers were derived over the years. Finding the best measures that present our performance accurately has evolved over the years. Although our numbers were inconsistently calculated, the auditors were able to verify that our numbers were supported by the source documentation provided.*

**Zoning Inspections and Permits – Service 751 – Part B**

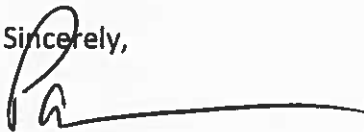
Audit result part (b) states that targets were not consistently calculated across the years audited to provide meaningful comparisons and that HCD could not provide a method for how the targets were developed.

*Agency Response:*

*In the years covered by the audit we overhauled the building and trades inspections, increasing the timeliness and quality of our service to our customers. Along with these service improvements, we have refined the measurements by which we track them.*

Thank you for taking HCD's responses under consideration.

Sincerely,



Paul T. Graziano

Commissioner, Department of Housing and Community Development

cc: Kimberly Washington  
Sieglinde Chambliss  
William P. Colbert  
Jeffrey L. Martin