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Auditor's Certification of the Accuracy of Initiatives and Key Performance Indicators Set Forth in the Department of Consumer and Regulatory Affairs's Fiscal Year 2008 Performance Accountability Report

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EXECUTIVE SUMMARY

PURPOSE

Pursuant to D.C. Official Code § 1-614.13(c)[1], and in accordance with section 455 of Pub. L. No. 93-198[2], the Office of the District of Columbia Auditor (Auditor) conducted an audit of the Department of Consumer and Regulatory Affairs (DCRA). This audit presents the results of the Auditor's review of DCRA's FY 2008 Performance Accountability Report (PAR).

CONCLUSION

The Auditor's scope included an analysis of DCRA's 10 Initiatives and 12 Key Performance Indicators (KPI), all of which were contained on the FY 2008 PAR. For the Initiatives and KPIs, the Auditor requested documentation and corroborating evidence to support statements and data contained on the PAR.

For nine of the 10 initiatives, the Auditor agreed with the rating that the Office of the City Administrator (OCA) assigned and found that they were properly rated. For Initiative 2.2, DCRA stated that auditing functions for third party program participants would be implemented. While the manual for this program was completed in FY 2008, auditing functions will not occur until FY 2010. DCRA did not properly report on Initiative 2.2.

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[1] *See* the Government Managers Accountability Amendment Act of 1995, effective May 16, 1995 (D.C. Law 11-16; D.C. Code § 1-614.11 *et seq.* (2002)). Specifically, *see* D.C. Code § 1-614.14(c) which states that "the District of Columbia Auditor shall conduct an audit of selected performance measures each fiscal year presented in the performance reports of certain agencies each fiscal year."

[2] *See* section 455 (b) of the District of Columbia Home Rule Act, approved December 24, 1973 (Pub. L. No. 93-198, 87 Stat. 803); D.C. Code §1-204.55 (b) (2001) which states: "The District of Columbia Auditor shall each year conduct a thorough audit of the accounts and operations of the government of the District in accordance with such principles and procedures and under such rules and regulations as he [she] may prescribe." *See also*, section 455 (c) of the District of Columbia Home Rule Act, as amended, approved December 24, 1973, (87 Stat. 803, D.C. Code §1-204.55 (c) (2001) which states: "The District of Columbia Auditor shall have access to all books, accounts, records, reports, findings and all other papers, things, or property belonging to or in use by any department, agency, or other instrumentality of the District government and necessary to facilitate the audit."

The review and evaluation of DCRA's 12 KPIs was also a primary focus of this audit. The Auditor could not certify most of the KPIs. The overriding reason for most non-certified KPIs was a result of DCRA submitting inaccurate data to OCA. Accordingly, for eight of the 10 KPIs that could not be certified, DCRA submitted supporting data that was not within the "plus or minus" 5% range of what was reported on their FY 2008 PAR. In other words, DCRA could not support the "FY 08 Actual" rate shown on its FY 2008 PAR with the actual achievement rates contained on the supporting documentation that they provided to the Auditor.

Additionally, the Auditor reviewed the internal control environment for each KPI to ensure that controls and processes associated with procedures for gathering and reporting data for each KPI were reliable. Controls were lacking for several KPIs. For example, access levels associated with Accela (DCRA's main database) were not always separated adequately. As such, there was no assurance that duties involving the processing, recording, authorizing, and reviewing of transactions were assigned among different individuals. In addition, supervisors in the Housing Inspection Administration, the Consumer Protection Administration, and in the Inspection and Compliance Administration (ICA) were not reviewing cases prior to closing. Finally, ICA could not adequately track permits and their recordkeeping processes were inadequate. Overall, the Auditor found that DCRA managers cannot make informed decisions when data collected on program results is faulty. In addition, general public users interested in DCRA programs do not have reliable results on program performance.

RECOMMENDATIONS

1. The Director, DCRA should notify OCA and inform them that Initiative 2.2 should have been reported as Partially Achieved.

2. The Director, DCRA should finalize the draft memorandum dealing with blighted properties.

3. The Director, DCRA should notify OCA and provide them with the correct achievement rates for KPIs. 1.1, 1.2, 1.3, 1.4, 2.3, 2.4, 2.5, and 3.1. DCRA should also inform OCA that KPI 3.2 was mis-classified as "Data Not Reported" and should be classified as "Fully Achieved."

4. The Director, DCRA should ensure that customer surveys are scanned.

5. The Director, DCRA should ensure that responsibilities for processing, recording, authorizing and reviewing transactions into Accela are separated adequately. In addition, compensating controls should be implemented if the agency determines that a limited number of employees continue to require multiple authorization levels to Accela.

6. The Director, DCRA should require supervisors in the Housing Inspection Administration to review all case-closing actions.

7. The Director, DCRA should ensure that supervisors in the Consumer Protection Administration review all case-closing actions and that the administration establishes a sign-out process for its consumer complaint files.

8. The Director, DCRA should ensure that inspectors with the Inspection and Compliance Administration enter and update their activity on a complaint into Accela on a timelier basis. In addition, the Director should ensure that ICA establishes a mechanism in Accela that will allow them to track permits issued, and that ICA supervisors review all cases where an inspection of illegal construction activity occurred.

PURPOSE

Pursuant to D.C. Official Code § 1-614.13(c),[1] and in accordance with section 455 of Pub. L. No. 93-198,[2] the Office of the District of Columbia Auditor (Auditor) conducted an audit of the Department of Consumer and Regulatory Affairs (DCRA). This audit presents the results of the Auditor's review of DCRA's FY 2008 Performance Accountability Report (PAR).

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of the audit were to:

1. determine the accuracy, quality, and utility of performance results presented in DCRA's FY 2008 PAR; and
2. evaluate the procedures and internal controls that are used in collecting, analyzing and reporting performance data.

The scope of the audit was DCRA's Fiscal Year 2008 PAR. Our audit emphasis focused on the accomplishments and measurable data elements contained in the PAR, notably the Initiatives and Key Performance Indicators (KPIs). Appendix A lists the Initiatives and KPIs from DCRA's 2008 PAR.

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To accomplish our audit objectives, the Auditor interviewed officials from DCRA responsible for performance accountability matters. Accordingly, the Performance Management Office (PMO) at DCRA was responsible for compiling the agency's data, statistics, and information used in the PAR and was our point-of-contact for this audit. The PMO submitted the information it compiled for Initiatives and KPIs to the Office of the City Administrator (OCA). Since OCA was responsible for assigning a performance assessment rating for Initiatives and KPIs, we also corresponded with that office. We examined and evaluated data that was used in the PAR, primarily through judgmental testing, ensuring that it could be reconciled or verified to source documentation.

The audit was conducted in accordance with generally accepted government auditing standards. 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.

BACKGROUND

As noted, the Auditor is required to conduct an audit of selected performance measures presented in the performance report of certain agencies each fiscal year. By doing so, the Auditor hopes to assist the District government to operate more efficiently, effectively, and economically while providing a higher quality of service to its residents.

The mission of DCRA is to protect the health, safety, economic interests, and quality of life of residents, businesses, and visitors in the District of Columbia by insuring code compliance and regulating businesses. DCRA is responsible for issuing licenses and permits, conducting inspections, enforcing building, housing, and safety codes, regulating land use and development, and providing consumer education and advocacy services.

DCRA takes legal action against businesses and individuals who violate District laws, and works to prevent the occurrence of illegal, deceptive, and unfair trade practices through education and public awareness programs.

Results of Audit

A. Initiatives

Overview

The District of Columbia's Office of the City Administrator defines initiatives as specific activities that are expected to occur over the next one to three fiscal years. Ideally, implementation of initiatives would have quantifiable results reflected in performance measures. The Auditor believes that initiatives also allow the department to be more productive by focusing on a common guideline.

Details

As shown in Appendix A, DCRA reported on 10 initiatives. Eight initiatives were reported and rated as fully achieved and two initiatives were reported and rated as partially achieved. The Auditor reviewed all 10 initiatives with the PMO. The PMO provided documentation that supported the rating in most instances. For nine initiatives, the Auditor agreed with the rating OCA assigned and believes that they were properly rated. For one initiative, Initiative 2.2, the Auditor disagreed with OCA's rating of Fully Achieved and found it should be reported as Partially Achieved. DCRA senior management agreed with this proposed action.

Table I presents a brief explanation regarding the Auditor's analysis of DCRA's 10 initiatives and the corresponding achievement level for each of the initiatives.

Table I

DCRA Initiatives

Initiative Title (short title)	Rating	Auditor Comments
1.1: Consolidated permit center	Fully Achieved	Agree. We observed customer activity and noted the District agencies that have a presence at DCRA's second-floor permit center.
1.2: Implementation of the Comprehensive Property Management System (CPMS)	Fully Achieved	Agree. DCRA provided the names of the legacy databases that migrated to CPMS.
1.3: Compliance-based on-line permitting process	Partially Achieved	Agree. We tested the on-line permit process and found controls were adequate.
2.1: Cross-train Inspectors	Fully Achieved	Agree. We verified that DCRA inspectors are cross-trained for residential and commercial inspections as certified by the International Code Council.
2.2: Implement certification and auditing functions for contractors	Fully Achieved	Disagree. A program manager with DCRA's Neighborhood Stabilization office stated that auditing will begin in FY 2010. Therefore, we believe that instead of reporting this initiative as "fully achieved", DCRA should have reported it as "partially achieved". DCRA senior management agreed with this change.
2.3: Develop consumer protection program	Fully Achieved	Agree. Nine investigators attended the annual National Association of Consumer Protection Investigators Conference and utilized their training to report violations to the Attorney General.
2.4: Expand the Illegal Construction and Enforcement (ICE) Unit	Fully Achieved	Agree. ICE increased its workforce to a supervisor and four inspectors in FY 2008.
3.1: Reduce blighted properties	Partially Achieved	Agree. For the first 6-month period in FY 2008, 91 "new" blighted property cases were filed; in the second six-month period, only 6 new cases were filed.
3.2: Develop a strategy to identify blighted properties	Fully Achieved	Agree. However, the Auditor recommends that the Director finalize action on this initiative and issue the "draft" memorandum as a final document.
3.3: Identify housing code violators for criminal action	Fully Achieved	Agree. The Auditor found, however, that the action sought against the housing code violators was pursued in civil court, not criminal court.

Summary. Based on the above analysis, the Auditor found that DCRA should notify OCA and inform them that Initiative 2.2 should have been reported as partially achieved. For this initiative, DCRA stated that auditing functions for third party program participants would be implemented. While the manual for this program was completed in FY 2008, auditing functions will not occur until FY 2010. To ensure that an agency has a sound control environment, the internal controls established should include a reasonable assurance that reports, both internal and external, are reliable. In addition, accurate reporting of government processes provides government managers and stakeholders with the level of progress and accountability achieved.

Recommendations:

1. Director of DCRA notify the Office of the City Administrator and inform them that Initiative 2.2 should have been reported as Partially Achieved, and not Fully Achieved.

2. Director of DCRA finalize the draft memorandum dealing with blighted properties.

B. Key Performance Indicators (KPIs)

Overview

KPIs are commonly associated with an agency's objectives. KPIs should include a mix of outcomes, effectiveness, productivity/efficiency, demand, and outputs. KPIs must not only reflect the organization's goals, but must also be key to its success, and be quantifiable (measurable). These indicators are usually long-term considerations that will ultimately assist the organization to meet and exceed their expectations for the future.

The Auditor utilized a model certification rating[3] to report on the results of our testing and evaluation of the KPIs contained in DCRA's 2008 PAR. (The Auditor made some minor changes to the "Not Certified" category.) Ratings were classified as follows:

Certification Ratings	
Certified	The reported performance indicator is accurate (+/- 5%) and, adequate procedures are in place for collecting and reporting performance data.
Certified with Qualifications	The reported performance indicator is accurate (+/- 5%) but, adequate procedures are not in place for collecting and reporting performance data.
Not Certified	a. Actual performance is not within 5% of reported indicator or, b. Actual data for the performance indicator could not be verified due to inadequate procedures, insufficient documentation, or because no data was reported by the agency.

As shown in Appendix A, DCRA reported on 12 KPIs. The Auditor reviewed all 12 KPIs to determine the accuracy and reliability of the data DCRA reported. Thus, for each KPI, we attempted to reconcile the performance indicator as it was reported on the DCRA 2008 PAR to the source documentation and records of original entry that DCRA provided. Additionally, we

[3] The model is a replica of the rating process that is utilized by at least two municipal audit offices to report on audits that focus on performance measures. The Texas State Auditor's Office and the Maricopa County Auditor's Office use this reporting standard.

reviewed the internal control environment for each KPI to ensure that controls and processes associated with procedures for gathering and reporting data for each KPI were reliable. When controls were lacking, the Auditor made recommendations to strengthen them. Unless otherwise noted, the recommendations to improve controls were all derived from model standards developed by the Government Accountability Office and identified in their publication, Standards for Internal Control in the Federal Government, (GAO/AIMD-00-21.3.1).

General Note on KPI Supporting Data

The Auditor could not certify most of the KPIs in DCRA's FY 2008 PAR. The overriding reason for most non-certified KPIs was a result of DCRA submitting inaccurate data to OCA. Accordingly, for eight of the 10 KPIs that could not be certified, DCRA submitted supporting data that was not within the "plus or minus" 5% range of what was reported on their 2008 PAR. In other words, DCRA could not support the "FY 08 Actual" rate shown on its 2008 PAR with the actual achievement rates contained on the supporting documentation (usually spreadsheets) submitted to the Auditor.

It appears that DCRA could not provide accurate supporting documentation for many of the KPIs due, in fact, to their transition to a new, agency-wide database, beginning in June 2008. The transition to this global enterprise application system, or the Comprehensive Property Management System (CPMS, also used interchangeably with and commonly referred to, as "Accela"), occurred in the third and fourth quarters of FY 2008. With the CPMS change-over, DCRA replaced over 10 legacy databases that would allow the agency to greatly improve internal tracking, performance monitoring, data integrity and customer service. However, in the initial stages of transitioning from the legacy databases to Accela, the Auditor found that some data reliability issues occurred and achievement rates were mis-computed. The Auditor reached this conclusion based on the supporting documentation analyzed for the 10 KPIs where data was collected. Our analysis found that the supporting documentation for six of the 10 KPIs that could not be certified showed either a separate achievement rate computation for the FY 2008 fourth quarter, or documentation that was altogether missing for the fourth quarter. We concluded that whenever disparities occurred between the "FY 08 Actual" rates reported on DCRA's FY 2008 PAR and what was actually achieved, that the errors generally were a result of using data from both Accela and the legacy databases germane to the KPIs[4]. While this was an understandable consequence of using two database tracking systems to compute actual achievement rates for 10 of the 12 KPIs, faulty data for most KPIs nevertheless was submitted to OCA.

Details

1) **KPI 1.1: "% of customers satisfied with DCRA's customer service"**

Certification Discussion. This KPI, dealing with customer satisfaction, could not be certified since actual performance was not within 5% of the reported indicator.

DCRA records showed that 136 customers completed a survey in FY 2008. Of those surveys, DCRA reported that 114 customers were satisfied; subsequently, an achievement rate of 84.7% was reported on the PAR (although 114/136 = 83.8%). In our attempt to reconcile this achievement rate, DCRA could only account for 117 hard copy surveys. While conducting the reconciliation with DCRA, we recorded the following:

83	Satisfied Customers
18	No response
16	Customers not satisfied
117	Sub-total
19	4th Qtr Surveys missing
136	Total Surveys

Actual achievement rate:	83 satisfied/136 total surveys = 61%

To determine if the data was within 5% of what was reported, we used the following formula:

a. "FY 08 Actual" rate reported on PAR: 84.7%

b. Actual achievement rate: 61%

c. Difference: 23.7%

d. Data discrepancy (c./a.): 23.7/84.7 = **28%** [5]

[4] Unless otherwise noted, we believe this is the cause whenever the reported rate and the actual rate disagree.

[5] For the remaining 11 KPIs, the formula to determine if the Auditor could certify data based on the supporting documentation provided by DCRA appears in Appendix B.

The discrepancy in the data occurred because customer satisfaction rates computed by DCRA were not verified prior to submission to OCA. When data collected on program results is faulty, DCRA managers cannot make informed decisions. Additionally, general public users interested in DCRA programs do not have reliable results on program performance.

Internal Control Discussion. As stated, DCRA could not locate 19 customer surveys that were completed in the fourth quarter of FY 2008. The surveys were apparently misplaced, and copies of the completed customer surveys were not scanned into a DCRA database. Customer surveys provide useful information to management because they represent a forum for management to reconsider processes and procedures that, potentially, could be improved. They also validate processes that affect the general public. Without customer input, management loses a critical source of information to draw upon. DCRA management could maintain a permanent record of all customer comments by periodically scanning the customer surveys into a dedicated database.

2) KPI 1.2, "% of complex building plans reviewed within 30 business days"

Certification Discussion. This KPI, dealing with the review of complex building plans, cannot be certified since actual performance was not within 5% of the reported indicator. DCRA did not submit accurate data to OCA to support KPI 1.2.

OCA reported this KPI at an 81.9% "FY 08 Actual" rate. However, when DCRA submitted their summary information (roll-up spreadsheet) to the Auditor to support the FY08 Actual rate, the actual achievement rate was 58%. Thus, DCRA acknowledged through their computation that the data originally submitted to OCA was inaccurate.

DCRA managers cannot make informed decisions when data collected on program results is faulty. In addition, general public users interested in DCRA programs do not have reliable results on program performance.

Internal Control Discussion. The Auditor verified that supervisory reviews occur at many stages of the permit approval process. In addition, we verified that the DCRA website that addresses building plans for consumers has an adequate definition for "complex" and explains cost expectations for consumers. The Auditor found that controls for the processes associated with complex building plans are sufficient.

3) KPI 1.3, "% of express building permits issued within 24 hours"

Certification Discussion. This KPI, dealing with the review of express building permits, cannot be certified since actual performance was not within 5% of the reported indicator. DCRA did not submit accurate data to OCA to support KPI 1.3.

OCA reported this KPI at an 84% "FY08 Actual" rate. However, when DCRA submitted their summary information (roll-up spreadsheet) to the Auditor to support the FY08 Actual rate, DCRA's computation showed an actual achievement rate at 70%, acknowledging that the data originally submitted to OCA was inaccurate.

As stated previously, DCRA managers cannot make informed decisions when data collected on program results is faulty. In addition, general public users interested in DCRA programs do not have reliable results on program performance.

Internal Control Discussion. The process for this KPI involves consumers who are in need of express permits, or what DCRA refers to as "walk-thru" permits. The intake staff at the Permit Center processes the application for "walk-thru" permits and Plan Review Coordinators approve them. However, this process, and other similar processes at DCRA which involve individuals granted dual access levels for Accela, could potentially be compromised.

DCRA managers acknowledged that a potential for record manipulation exists due to the fact that a limited number of staff possess dual accessibility to Accela. That is, DCRA has authorized some staff to enter information into the agency's main database, while also providing them with the ability to perform certain proprietary functions within Accela, such as issuing and printing permits. Allowing individuals with dual or multiple access levels to an agency's main database pose a greater risk for fraud, abuse, and malfeasance.

DCRA needs to ensure that responsibilities for processing transactions, recording transactions, authorizing transactions, and reviewing transactions are separated adequately. If the agency determines that a limited number of employees continue to require multiple authorization levels to Accela, then it should implement a compensating control, such as frequently flagging and reviewing entries made by employees with multiple access privileges.

4) KPI 1.4, "% of permits available online"

Certification Discussion. This KPI, dealing with online permits, cannot be certified since actual performance was not within 5% of the reported indicator. Although this KPI has a "Not Achieved" status for FY 2008, the Auditor could not reconcile the "FY 08 Actual" data reported in the PAR at 22.4%. DCRA did not submit accurate data to OCA to support KPI 1.4.

OCA reported this KPI at a 22.4% FY08 actual rate. However, DCRA's computation to support the PAR data showed the actual achievement rate at 18%. Thus, DCRA originally submitted faulty data to OCA, resulting in a 20% reporting error to OCA, as shown in Appendix B. The submission of unreliable data affects both DCRA managers, who cannot make informed decisions, and general public users, who do not have trustworthy results on District programs.

Internal Control Discussion. The Auditor tested the online controls for this KPI by attempting to obtain a supplemental permit. However, when we tried to register for a permit, the website showed five error codes with our application. The Auditor believes that the controls DCRA has established are sound.

5) KPI 2.1, "% of scheduled inspections conducted"

Certification Discussion. The "FY 08 Actual" rate reported on the PAR was 76.9%, while the actual achievement rate provided to the Auditor was 76.3%. The Auditor could have certified this KPI unconditionally since the rates were within 5% of each other. However, KPI 2.1 is Certified with Qualifications because of inadequate procedures for collecting data.

Internal Control Discussion. The Auditor found that inspectors assigned to the Housing Inspection Administration were entering faulty information into Accela when closing cases. In addition, there was no supervisory approval either when a case was immediately closed by an inspector, or when a case was closed after abatement action. A DCRA manager stated that, for two inspection case files that were a part of our audit sample, there was no record of a supervisory review having occurred. Accordingly, DCRA management has not implemented effective processes requiring housing inspection supervisors to review inspection activities prior to closing.

A sound control environment for government processes requires oversight activities to occur at all levels, to include approvals, authorizations, and verifications. In this particular instance, inaccurate database entries created unreliable reporting statistics. In addition, without supervisory approvals at case closing, follow-up actions recommended by housing inspectors could be inaccurate or in error, creating an unnecessary workload for DCRA.

6) **KPI 2.2, "% of third party inspections verified to be code compliant"**

The Auditor did not certify this KPI because no data was reported to OCA for this KPI. Consequently, we also did not test internal controls.

7) **KPI 2.3, " % of consumer complaints resolved within 90 days"**

Certification Discussion. This KPI, dealing with consumer complaints against businesses in the District, cannot be certified since actual performance was not within 5% of the reported indicator. Although this KPI, reported as Partially Achieved, had a greater actual achievement rate (72%) than what was reported on the FY 2008 PAR (62.6%), we could not reconcile the data as it was reported in the PAR at 62.6%. DCRA did not submit accurate data to OCA to support KPI 2.3; there was a -15% reporting error to OCA as shown in Appendix B.

DCRA could not explain why there was a variance in what was originally reported to OCA, 62.6%, and what was actually achieved for this KPI, or 72%. Apparently, DCRA did not verify its computations regarding achievement rates prior to submitting data to OCA.

DCRA managers cannot make informed decisions when data collected on program results is faulty. In addition, general public users interested in DCRA programs do not have reliable results on program performance.

Internal Control Discussion. For this KPI, the Auditor selected eight cases for review to evaluate:

- Completeness of case report
- Supervisory approval
- Data entry processes and validation processes

With six of the eight cases reviewed, there was no supervisory approval or sign-off. In one instance, the case report was missing from the file cabinet and a sign-out process had not been implemented. DCRA management stated that the control environment has been inadequate due to a continuous change-over with supervisors. Nevertheless, the Auditor informed management that control activities should occur at all levels and include approvals, authorizations, and verifications, and that all documents and records should be properly managed and maintained. Without supervisory approvals, cases can be closed in error. Without a case sign-out process, files can be lost or misplaced.

8) KPI 2.4, "% of illegal construction inspections completed within 24 hours"

Certification Discussion. KPI 2.4 and KPI 2.5 are managed from the same office at DCRA, the Illegal Construction Administration (ICA).

KPI 2.4 cannot be certified because actual performance was not within 5% of the reported indicator. As shown in Appendix B, OCA reported this KPI at a "FY08 Actual" rate of 71.3%. However, when DCRA submitted their summary information (roll-up spreadsheet) to the Auditor to support the FY08 Actual rate, DCRA's actual achievement rate computed on the spreadsheet was only 25.7%, resulting in a 64% reporting error (see Appendix B). Thus, DCRA did not submit accurate data to OCA to support KPI 2.4, and the Auditor could not certify this KPI.

DCRA stated that inspectors could not always make timely entries into Accela due to their four-day work schedule, followed by a minimum three-day off-duty period. Consequently, and as stated previously, submitting unreliable data, or no data, affects both DCRA managers, who cannot make informed decisions, and general public users, who do not have trustworthy results on program performance.

Internal Control Discussion. The Auditor discusses the ICA internal control environment at KPI 2.5.

9) KPI 2.5, "# of illegal construction inspections completed that resulted in a permit issued"

Certification Discussion. KPI 2.5 cannot be certified since actual performance was not within 5% of the reported indicator. As shown in Appendix B, OCA reported this KPI, dealing with the number of permits issued after an illegal construction inspection occurred, at an "FY08 Actual" rate of 778 permits. However, when DCRA submitted their summary information to us to support the FY08 Actual rate, there were only 40 permits issued where proof was documented. This disparity, between what was reported on their FY 2008 PAR and what was actually achieved, resulted in a 95% error rate. Thus, DCRA did not submit accurate data to OCA to support KPI 2.5, and the Auditor could not certify this KPI. The extraordinary error rate is due to deficient ICA recordkeeping processes, discussed below.

ICA Internal Controls Discussion. At DCRA, senior management acknowledged their lack of success with KPI 2.4 and 2.5. Moreover, DCRA informed us that an internal "Cap Stat" for both KPIs was scheduled for July 14, 2009 to address some of the internal control deficiencies. The Auditor commends DCRA for their efforts to remediate ineffective practices and notes that some internal controls over ICA processes need to be strengthened.

The Auditor found that for KPI 2.4, inspectors were not entering their inspection activity into Accela promptly, as previously stated. For KPI 2.5, ICA cannot track the number of permits issued as a result of illegal construction inspections; entries into the main database that tracks permits were neither uniform nor consistent. In addition, the only record that DCRA had in FY 2008 regarding permits issued was an internally-maintained spreadsheet by an ICA employee and no review of the data ever occurred whenever statistical reports reflecting program performance were prepared. Additionally, the Auditor found that the spreadsheet did not contain all of the information it was designed to capture. The Auditor found that the control deficiencies associated with KPI 2.4 and 2.5 are similar to those identified with KPI 2.1, that being inaccurate data entries and no supervisory reviews.

Inaccurate database entries create unreliable reporting statistics. In addition, without supervisory reviews, there is no assurance that the inspection activity recorded and preserved in DCRA's database is accurate.

Control activities should occur at all levels and include approvals, authorizations, and verifications. ICA Inspectors need to enter and update their activity on a complaint into Accela on a timelier basis. Alternatively, Accela should be adjusted to show the date of when the inspection occurred.

ICA also needs to establish a mechanism in Accela that will precisely track the number of permits issued as a result of illegal construction inspections. Finally, ICA supervisors need to review all cases where an inspection of illegal construction activity occurred.

10) **KPI 2.6, "% of BCIB cases in which an owner remedied all cited violations within 60 days"**

The Auditor did not certify this KPI because no data was reported to OCA for this KPI. Consequently, the Auditor also did not test internal controls.

11) KPI 3.1, "% of vacant housing units brought into compliance and/or alternative corrective methods to remove blighted conditions"

Certification Discussion. This KPI cannot be certified since actual performance was not within 5% of the reported indicator. DCRA did not submit accurate data to OCA to support KPI 3.1.

OCA reported this KPI at an 82.5% "FY08 Actual" rate. However, when DCRA submitted their summary information (roll-up spreadsheet) to the Auditor to support the FY08 Actual rate, DCRA's computation showed an actual achievement rate at 73%. Since there was an 11.5% error between the actual data and what was reported on the FY 2008 PAR, the Auditor cannot certify this KPI.

As stated previously, DCRA managers cannot make informed decisions when data collected on program results is faulty. In addition, general public users interested in DCRA programs do not have reliable results on program performance.

Internal Control Discussion. This was a one-time KPI process and the Auditor subsequently did not test controls.

12) KPI 3.2, "Total # of vacant properties"

Certification Discussion. The "FY 08 Actual" rate reported on the PAR was 3,480 vacant properties, while the actual achievement rate provided to us was 3,344. The Auditor independently tested DCRA's data against an Office of Tax and Revenue database and found DCRA's reported data to be reliable. However, while OCA inadvertently classified this KPI as "data not reported", it should have been classified as "fully achieved." The Auditor certified this KPI as accurate.

Internal Control Discussion. This was a one-time KPI process and the Auditor subsequently did not test controls.

Summary and Recommendations

The following is a summary of the Auditor's certification rating for each KPI, as well as the adequacy of the internal control processes associated with each KPI, and resultant recommendations.

KPI No.	Certified	Certified with Qualifications	Not Certified	Internal Controls Adequate?
1.1			**X**	**NO**
1.2			**X**	**YES**
1.3			**X**	**NO**
1.4			**X**	**YES**
2.1		**X**		**NO**
2.2			**X**	**NOT TESTED**
2.3			**X**	**NO**
2.4			**X**	**NO**
2.5			**X**	**NO**
2.6			**X**	**NOT TESTED**
3.1			**X**	**NOT TESTED**
3.2	**X**			**NOT TESTED**

DCRA expressed a level of optimism regarding the internal Cap Stat for KPIs 2.4 and 2.5, emphasizing a desire to reverse some ineffective control processes. Additionally, DCRA management expressed appreciation of our audit effort, and that the process had been a revealing experience, forcing management to reevaluate how they collected data. With the implementation of the following recommendations, the Auditor trusts that the movement toward strengthening the agency's control environment will continue.

Recommendations

1. The Director, DCRA should notify OCA and provide them with the correct achievement rates for KPIs. 1.1, 1.2, 1.3, 1.4, 2.3, 2.4, 2.5, and 3.1. DCRA should also inform OCA that KPI 3.2 was mis-classified as "Data Not Reported" and should be classified as "Fully Achieved."

2. The Director, DCRA should ensure that customer surveys are scanned.

3. The Director, DCRA should ensure that responsibilities for processing, recording, authorizing and reviewing transactions into Accela are separated adequately. In addition, compensating controls should be implemented if the agency determines that a limited number of employees continue to require multiple authorization levels to Accela.

4. The Director, DCRA should require supervisors in the Housing Inspection Administration to review all case-closing actions.

5. The Director, DCRA should ensure that supervisors in the Consumer Protection Administration review all case-closing actions and that the administration establishes a sign-out process for its consumer complaint files.

6. The Director, DCRA should ensure that inspectors with the Inspection and Compliance Administration enter and update their activity on a complaint into Accela on a timelier basis. In addition, the Director should ensure that ICA establishes a mechanism in Accela that will allow them to track permits issued, and that ICA supervisors review all cases where an inspection of illegal construction activity occurred.

CONCLUSION

The Auditor's scope included an analysis of DCRA's 10 Initiatives and 12 Key Performance Indicators (KPI), all of which were contained on the FY 2008 PAR. For the Initiatives and KPIs, the Auditor requested documentation and corroborating evidence to support statements and data contained on the PAR.

For nine of the 10 initiatives, the Auditor agreed with the rating that the Office of the City Administrator (OCA) assigned and found that they were properly rated. For Initiative 2.2, DCRA stated that auditing functions for third party program participants would be implemented.

While the manual for this program was completed in FY 2008, auditing functions will not occur until FY 2010. DCRA did not properly report on Initiative 2.2.

The review and evaluation of DCRA's 12 KPIs was also a primary focus of this audit. The Auditor could not certify most of the KPIs. The overriding reason for most non-certified KPIs was a result of DCRA submitting inaccurate data to OCA. Accordingly, for eight of the 10 KPIs that could not be certified, DCRA submitted supporting data that was not within the "plus or minus" 5% range of what was reported on their FY 2008 PAR. In other words, DCRA could not support the "FY 08 Actual" rate shown on its FY 2008 PAR with the actual achievement rates contained on the supporting documentation that they provided to the Auditor.

Additionally, the Auditor reviewed the internal control environment for each KPI to ensure that controls and processes associated with procedures for gathering and reporting data for each KPI were reliable. Controls were lacking for several KPIs. For example, access levels associated with Accela (DCRA's main database) were not always separated adequately. As such, there was no assurance that duties involving the processing, recording, authorizing, and reviewing of transactions were assigned among different individuals. In addition, supervisors in the Housing Inspection Administration, the Consumer Protection Administration, and in the Inspection and Compliance Administration (ICA) were not reviewing cases prior to closing. Finally, ICA could not adequately track permits and their recordkeeping processes were inadequate. Overall, the Auditor found that DCRA managers cannot make informed decisions when data collected on program results is faulty. In addition, general public users interested in DCRA programs do not have reliable results on program performance.

Respectfully submitted,

Deborah K. Nichols
District of Columbia Auditor

APPENDICES

Appendix A

Performance Initiatives – Assessment Details

Performance Assessment Key:

Fully achieved | Partially achieved | Not achieved | Data not reported

OBJECTIVE 1: Enhance customer satisfaction through efficient and effective regulatory and compliance processes.

INITIATIVE 1.1: Establish a "consolidated citywide permit center" with sister agencies.
Fully Achieved. DCRA has successfully involved the Department of Transportation, Department of the Environment, and Department of Health in the daily intake of construction plans in the Permit Center. Customers can now submit permit applications and plans for all three agencies at a single entry point. Most reviews for the three agencies are completed at DCRA within a single IT system for improved communication and to prevent losing plans during transport. Finally, questions for multiple agencies can be answered in a single visit to DCRA.

INITIATIVE 1.2: Implement a comprehensive property management IT system (CPMS) for inspections and permitting operations.
Fully Achieved. During FY 2008, DCRA implemented a comprehensive system to track all vacant property, inspections, abatement, and permitting activity. This system integrated over 10 independent databases, and enables staff to track all permitting, inspection, and enforcement activity by address, property owner, date, etc.

INITIATIVE 1.3: Transition from a permission- to a compliance-based permitting process.
Partially Achieved. In February 2008, DCRA launched an online Supplemental Permit application and issuance system. For jobs installing Air Conditioning and Refrigeration units, Plumbing Fixtures or Electrical Fixtures, DCRA allows contractors to apply for, pay for and print supplemental permits online.

OBJECTIVE 2: Protect the health and safety of people who visit, live, and work in the District of Columbia.

INITIATIVE 2.1: Cross-train all inspectors on International Code Council (ICC) standards.
Fully Achieved. DCRA trained all residential and commercial inspectors in preparation for various ICC certification exams. As of September 20, 2008, 70% of residential inspectors were certified to regulate housing preservation using the International Property Maintenance Code, and the remaining 30% are new hires who will be required to pass the exam within 1 year of hire. A number of inspectors were separated from the agency after failing to pass the required ICC exam. In addition, 33% of commercial inspectors were certified to inspect electrical, building, fire, and/or plumbing construction and renovation. All commercial inspectors (except new hires) are required to be certified in a building trade of their choice by December 31, 2008. New hires will be required to receive a certification within one year of employment.

INITIATIVE 2.2: Implement certification and auditing functions for third party program participants, and establish certification criteria for home improvement contractors.
Fully Achieved. DCRA developed a third party inspection program manual to clarify licensure, experience, and International Code Council certification requirements for each professional trade. The manual also outlines clear application processes for all third party program participants (including existing third party inspectors), mandates information sharing between third party inspectors and DCRA, and summarizes reporting

requirements. Most importantly, the manual authorizes DCRA to perform random audits and dismiss any third party inspectors not complying with all requirements. These requirements will be implemented in conjunction with the 2008 Building Code once the code is approved by Council.

INITIATIVE 2.3: Develop a comprehensive and robust Consumer Protection program.
Fully Achieved. In an effort to unify the base knowledge standard of all staff, Consumer Protection investigators participated in the National Association of Consumer Protection Investigators annual conference where they received training on current consumer concerns. Training topics included Home foreclosures, Gas Prices and Price Gouging, DTV Transition, and Pyramid Schemes. While Consumer Protection investigators were not legally authorized to write notices of infraction during FY 2008, they referred 33 cases to regulatory investigators for business license violations, and 18 cases to the Attorney General for criminal prosecution.

INITIATIVE 2.4: Expand the capacity of the Illegal Construction and Enforcement (ICE) Unit.
Fully Achieved. The Illegal Construction Unit was staffed with a supervisor and three full-time inspectors. The unit's increased productivity is shown by its performance indicators; the number of permits that resulted from illegal construction inspections nearly doubled during the first 3 quarters and totaled 673 by the fiscal year's end.

OBJECTIVE 3: Encourage economic growth that maintains the character of neighborhoods and the quality of life of residents.

INITIATIVE 3.1: Reduce the number of blighted properties in communities by expediting the Board of Condemnation's owner hearing process and by forcing owners to quickly remedy the cited conditions of properties.
Partially Achieved. The legal organization of the board prohibited DCRA from requiring owners to remedy violations within 30 days as planned at the outset of the fiscal year. Instead, the agency attacked this problem from another angle. By vetting problem properties through traditional residential inspection processes, the agency reduced the Board's caseload, allowed Board members to focus on egregious violations, and encouraged property owners to abate violations quickly through civil enforcement mechanisms.

INITIATIVE 3.2: Develop a comprehensive strategy to identify and address vacant and blighted properties through existing authorities.
Fully Achieved. In FY 2008, the Office of Vacant Property conducted an arduous city wide block-by-block survey that identified 3,344 vacant properties. Approximately 33% were "for sale" or "under active construction renovation." By forwarding the properties to be taxed at $10 per $100 of property value, DCRA encouraged property owners to reuse their properties. These efforts are not reflected in the numbers because the housing market downturn led to increased foreclosures. The universe of vacant properties rose slightly from 3,344 in the first quarter to 3,480 by the fiscal year's end. All vacant properties that were surveyed received notices of violation for housing code violations, and entered into DCRA's enforcement and abatement process. Throughout the year, 82% of housing code violations on vacant properties were remediated.

INITIATIVE 3.3: Identify multi-family housing providers who are repeated housing code violators in order to expedite criminal referrals.
Fully Achieved. DCRA identified 50 multi-family properties with significant housing code violations, invalid or absent business licenses, and invalid or absent Certificates of Occupancy. In coordination with OAG, DCRA filed a criminal suit against the 13 owners of the identified properties. After repeated owner repairs and re-inspections, 37 of the properties were brought into compliance. DCRA and OAG requested the remaining 13 properties to be placed in receivership. As a result of the case, all 13 properties have either been repaired and licensed, are in the process of being repaired and licensed, or are in various stages of negotiation with the judge.

Key Performance Indicators – Details

Performance Assessment Key:

Fully achieved — Partially achieved — Not achieved — Data not reported

	FY06 Actual	FY07 Actual	FY08 Target	FY08 Actual	FY09 Projection
OBJECTIVE 1: Enhance customer satisfaction through efficient and effective regulatory and compliance processes.					
% of customers satisfied with DCRA's customer service	N/A	N/A	60.0%	84.7%	70.0%
% of complex building plans reviewed within 30 business days	45.0%	68.7%	75.0%	81.9%	80.0%
% of express building permits issued within 24 hrs.	63%	82%	85%	84%	90%
% of permits available online	N/A	N/A	50.0%	22.4%	55.0%
OBJECTIVE 2: Protect the health and safety of people who visit, live, and work in the District of Columbia.					
% of scheduled inspections conducted	N/A	74.1%	75.0%	76.9%	80.0%
% of third party inspections verified to be code compliant	N/A	N/A	60%	N/A	70%
% of consumer complaints resolved within 90 days	N/A	N/A	75.0%	62.6%	80.0%
% of illegal construction inspections completed within 24 hours	95.0%	78.0%	80.0%	71.3%	85.0%
# of illegal construction inspections completed that resulted in a permit issued	N/A	N/A	400	778	350
% of BCIB cases in which an owner remedied all cited violations within 60 days	N/A	N/A	60%	0%	65%
OBJECTIVE 3: Encourage economic growth that maintains the character of neighborhoods and the quality of life of residents.					
% of vacant housing units brought into compliance and/or alternative corrective methods to remove blighted conditions	N/A	60.0%	75.0%	82.5%	78.0%
Total # of vacant properties	N/A	2,148	2,470	3,480	2,320

KPI CERTIFICATION COMPUTATIONS

NOTE: Unless otherwise noted, for all "DCRA self-computed actual achievement rates" the Auditor used the data provided by DCRA's PMO.

KPI 1.2: Data provided by DCRA regarding Complex Building Plans:

	Q 1-3	Q4	TOTAL
Apps with all reviews completed within 30 days	264	1234	1498
Total Complex Applications	297	2281	2578
% of apps with all reviews completed on time			0.581071

Auditor's Computation, PAR data versus actual data:

PAR reporting data:	81.90%
Actual KPI performance:	58.10%
Difference:	23.80%
23.8% divided by 81.9%=	**29.00% (reporting error)**

KPI 1.3: Data provided by DCRA regarding Express Building Permits:

	On time reviews	Total reviews	%
Q1-3	3951	5938	0.665376
Q4	2062	2582	0.798606
Total	6013	8520	0.70575

Auditor's Computation, PAR data versus actual data:

PAR reported data:	84%
Actual KPI performance:	70%
Difference:	14%
% of Difference: 14% / 84% =	**16% (Reporting error)**

KPI 1.4: Data provided by DCRA regarding Online Permits:

Actual KPI
18%

Auditor's Computation, PAR data versus actual data:

PAR reported data:	22.4%
Actual KPI performance:	18.0%
Difference:	4.4%
% of Difference: 4.4%/22.4% =	**20% (Reporting error)**

KPI 2.1: Data provided by DCRA regarding Inspections Conducted:

	Scheduled	Conducted	Achievement %
Residential	31,495	26,173	
Commercial	22,824	17,700	
Accela Inspections-4th Qtr, Residential & Comm'l.	16,134	9,891	
TOTAL	70,453	53,764	76.30%

Auditor's Computation, PAR data versus actual data:

PAR reported data:	76.9%
Actual KPI performance:	76.3%
Difference:	.6%
% of Difference: .6%/76.9% =	**.007 (within accuracy range/no errors)**

KPI 2.3: Data provided by DCRA regarding Consumer Complaints

All Closed cases that remained open for 90 or fewer days*	260
All closed cases	361
% of Closed cases that remained open for 90 or fewer days	0.720222

Auditor's Computation, PAR data versus actual data:

PAR reported data:	62.60%
Actual KPI performance:	72.00%
Difference:	-9.40%
% of Difference, -9.4% / 62.6% =	**-15% (reporting error)**

KPI 2.4: Data provided by DCRA regarding Illegal Construction Inspections: < 24 Hours

Total year Complaints	1059
Inspected within 24 hours	272
%	0.256846081

Auditor's Computation, PAR data versus actual data:

PAR reported data:	71.3%
Actual KPI performance:	25.7%
Difference:	45.6%
% of Difference: 45.6% / 71.3% =	**64% (reporting error)**

KPI 2.5: Data provided by DCRA regarding Illegal Construction Inspections: Permits

DCRA statement to the Auditor on July 1, 2009:

"There are 40 cases that specifically reference a permit being issued, though a large number indicate, but not explicitly, that the owner obtained permits."

Auditor's Computation, PAR data versus actual data:

PAR reported data (permits):	778
Actual KPI performance (permits):	40
Difference:	738
% of Difference: 738 / 778 =	**95% (reporting error)**

KPI 3.1: Data provided by DCRA regarding Vacant Units Brought into Compliance

	Q1-3	Q4	Q1-3	Total
Vacant properties abated	257	73	66	396
Vacant properties sent to enforcement	429	110		539
% of vacant properties abated	60%	66%		73%

Auditor's Computation, PAR data versus actual data:

PAR reported data:	82.5%
Actual KPI performance:	73.0%
Difference:	9.5%
% of Difference: 9.5% / 82.5% =	**11.5% (reporting error)**

KPI 3.2: Data provided by DCRA regarding Vacant Properties Total

DCRA provided us with their database of 3,344 vacant properties. We verified that database against an Office of Tax and Revenue (OTR) database and found it to be accurate.

Auditor's Computation, PAR data versus actual data:

PAR reported:	3,480
Actual KPI performance:	3,344
Difference:	136
% of Difference: 136 / 3480 =	**.039 (within accuracy range/no errors)**

AGENCY COMMENTS

AGENCY COMMENTS

On August 24, 2009, the Office of the District of Columbia Auditor submitted this report in draft for review and comment to the Director of the D.C. Department of Consumer and Regulatory Affairs (DCRA). Written comments were received on September 21, 2009. No changes were made to the final report since the Director of DCRA agreed to implement each of the eight recommendations made in the draft report. All written comments are appended, in their entirety, to the final report.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Consumer and Regulatory Affairs

Office of the Director

September 21, 2009

Ms. Deborah Nichols
Office of the District of Columbia Auditor
717 14th St NW
Suite 900
Washington, DC 20005

Dear Ms. Nichols,

This letter is in response to the draft report entitled, "Auditor's Certification Review of the Accuracy of Initiatives and Key Performance Indicators Set Forth in the Department of Consumer and Regulatory Affair's Fiscal Year 2008 Performance Accountability Report".

After review of the draft report, the Department of Consumer and Regulatory Affairs (DCRA) will take the following actions:

1. DCRA will notify the Office of the City Administrator and inform them of the following:
    a. Change the reporting of Initiative 2.2 from Fully Achieved to Partially Achieved;
    b. Correct the achievement rates KPIs – 1.1, 1.2, 1.3, 1.4, 2.3, 2.4, 2.5 and 3.1;
    c. Change the reporting of KPI 3.2 from Data Not Reported to Fully Achieved;
2. DCRA will develop a draft memorandum for dealing with blighted properties.
3. DCRA will ensure that all customer service surveys are scanned.
4. DCRA will continue to review security controls and measures for all employees and management staff in recording, processing, authorizing and reviewing transactions in the Comprehensive Property Management System (CPMS), referred to in your report as "Accela".
5. DCRA will continue to work with agency management and staff to ensure that all cases are properly tracked, updated, resulted and closed in CPMS. Particularly, DCRA will work closely with the Inspections and Compliance Administration, as well as the Consumer Protection Administration.

941 North Capitol Street, N.E., Suite 9500, Washington, D.C. 20002
Phone: (202) 442-8947 Fax: (202) 442-9445

If you have any questions regarding this matter, please contact Ms. Carol Washington, Chief of Staff on (202) 442-8944.

Respectfully,

Linda K. Argo

Linda K. Argo
Director,
Department of Consumer and Regulatory Affairs