



**DEPARTMENT OF PLANNING**  
**BIENNIAL PERFORMANCE AUDIT REPORT**

**Fiscal Years Ended**  
**June 30, 2017 and 2016**

## TABLE OF CONTENTS

<b>Executive Summary</b>	<b>1</b>
<b>Background Information</b>	<b>3</b>
<b>Audit Scope, Objectives and Methodology</b>	<b>5</b>
<b>Findings, Recommendations, and Audit Results</b>	<b>7</b>
<b>Status of Previous Findings and Recommendations</b>	<b>13</b>
<b>Agency Response to the Biennial Audit Oversight Commission Inquiries</b>	<b>Appendix I</b>
<b>Agency Response to the Performance Audit Report</b>	<b>Appendix II</b>



Honorable Joan M. Pratt, Comptroller  
and Other Members  
of the Board of Estimates  
City of Baltimore, Maryland

## Executive Summary


We conducted a Biennial Performance Audit of selected functions within the Department of Planning (DOP) for the fiscal years ended June 30, 2017 and 2016 (the stated period). The purpose of our performance audit was to determine whether DOP met its performance measure targets, and to determine whether its internal controls and the related policies and procedures were effectively designed and placed in operation to monitor, control, and report valid and reliable information that is significant to selected performance measures or functions for the stated period. Our performance audit also included functions of DOP that were recommended by the Chairman of the Biennial Audit Oversight Commission (BAOC).

As a result of our audit, we determined that some of the targets for the selected performance measures were not met. We did not perform audit testing on the reliability of information or supporting documentation of the actual amounts reported for those performance measures that did not meet the performance measure targets. We also noted information regarding performance measure actual amounts was not consistently reported in the Agency Detail Board of Estimates Recommendations (Budget Book) from one fiscal year to another.

In addition, we noted certain areas where the effectiveness of the control procedures could be improved, and we recommend that:

- DOP document the methodology used to determine the targets and actual performance measures. We also recommend DOP implement procedures to ensure that records and supporting documentation are properly maintained and readily available for examination.
- After a fiscal year's performance measure target has been established and included in the City's Budget Book, any changes made in subsequent years' Budget Books to that fiscal year performance measure targets or actual amounts should be disclosed by the Bureau of Budget and Management Research (BBMR) in order to avoid misleading results.
- DOP implement procedures to review the information included in the Budget Book, compare to the report submitted, and communicate with BBMR or the Budget Analyst assigned to DOP to ensure reliability, completeness and accuracy of information.

- DOP re-evaluate the methodology for establishing its target to reflect the true meaning of the actual performance or expected result and consider performance measures for which the agency has control. We also recommend that DOP consult with BBMR to consider the possibility of changing its performance measure from “number of preliminary reviews completed for tax credit applications within 30 days” to “percent of preliminary reviews completed for tax credit applications within 30 days.” Additionally, we recommend that DOP consider using historical data, if applicable, to establish its performance measure target (i.e., using the average number or percent of tax credit applications received and/or reviewed over the last three years).



Audrey Askew  
City Auditor  
November 23, 2018

**Department of Planning  
Biennial Performance Audit  
Background Information  
Fiscal Years Ended June 30, 2017 and 2016**

The Department of Planning provides services and leadership in urban and strategic planning, historical, and architectural preservation, zoning, design, development, and capital budgeting to promote the sustained economic, social, and community development of the City of Baltimore. The services provided by the Department of Planning are mandated by Articles VI and VII of the Baltimore City Charter and the Zoning Code.

The Department of Planning is the City agency entrusted with guiding the physical development of the City of Baltimore. The Department of Planning staffs three Mayoral-appointed City commissions:

- Planning Commission
- Commission for Historical and Architectural Preservation (CHAP)
- Sustainability Commission

The Planning Commission is the policy making authority for the Department of Planning and consists of the Mayor or designee, the Director of Public Works, a member of the City Council, and six City residents appointed by the Mayor and confirmed by the City Council.

The Charter authorizes the Planning Commission to develop and update plans for the physical development of the City, review proposals for the subdivision of land, submit an annual capital budget and six-year Capital Improvement Program, and make recommendations on proposed amendments to the City's Zoning Ordinance. The Comprehensive Master Plan guides future development and the capital budget.

The Planning Commission relies on department staff to develop plans, conduct permit reviews, conduct studies and make policy and zoning recommendations related to land use, economic development, housing, transportation, environmental and other planning issues. The department monitors the capital budget, serves as community liaisons and works closely with the Mayor's office and other agencies.

The Department of Planning also provides historical and architectural preservation services as mandated by Article VI of the City Code. The Commission on Historical and Architectural Preservation (CHAP) is the policymaking authority for these services and consists of eleven City residents appointed by the Mayor and confirmed by the City Council.

**Department of Planning  
Biennial Performance Audit  
Background Information  
Fiscal Years Ended June 30, 2017 and 2016**

The Commission on Historical and Architectural Preservation designates historic districts and landmarks, reviews all proposed alterations to properties in historic districts and landmarks, and generally undertakes efforts to support and provide incentives for historic preservation. The Commission relies on department staff to make recommendations, conduct surveys, implement incentive programs and make policy and other recommendations related to historical and architectural preservation.

The Office of Sustainability, within the Department of Planning, was created by ordinance in 2007 to develop and implement the City of Baltimore Sustainability Plan. The Office of Sustainability also manages environmental planning and regulatory functions, as well as staffing the Sustainability Commission.

The following is a summary of the various services provided by the Department of Planning that were included as part of our Performance Audit:

1. **Development Oversight and Project Support (Service 761)** This service helps to create stable, vibrant neighborhoods by overseeing the review of all development projects. The service supports the Planning Commission and City Council and includes researching all development proposals, meeting with applicants and stakeholders, notifying the respective communities, scheduling public meetings, ensuring that properties are posted, preparing and presenting staff reports at public meetings.
2. **Historic Preservation (Service 762)** This service strengthens Baltimore's economic and cultural infrastructure by preserving its architectural assets. The Commission for Historical and Architectural Preservation (CHAP) identifies and recommends the historic designations of City landmarks and historic districts, fostering tangible gains in the local economy and increases in property sales prices and property tax base assessments.

**Department of Planning  
Biennial Performance Audit  
Audit Scope, Objectives and Methodology  
Fiscal Years Ended June 30, 2017 and 2016**

We conducted a Biennial Performance Audit of selected functions within the Department of Planning (DOP) for the stated period. The purpose of our performance audit was to determine: a) whether Planning met its performance measure targets, and b) whether its internal controls and the related policies and procedures were effectively designed and placed in operation to monitor, control, and report valid and reliable information that is significant to selected performance measures or functions for the stated period. We conducted our performance audit 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.

The objectives of our audit were to determine whether DOP met its targets for selected performance measures and functions in the stated period and to assess whether Planning's internal controls and related policies, processes, and procedures were effectively designed and placed in operation to monitor, control, and report valid and reliable information related to those performance measures. Our audit included selected performance measures within the following Department of Planning Service Areas, and also included functions recommended by the Biennial Audit Oversight Commission (BAOC):

1. **Development Oversight and Project Support – Service 761.** We conducted our audit of the Baltimore City Department of Planning's effort to meet its target for percent of assigned building permits reviewed within 48 hours. (Priority Outcome: Growing Economy)
2. **Historic Preservation – Service 762.** We conducted our audit of the Baltimore City Department of Planning's efforts to meet its targets for the number of preliminary reviews completed for tax credit applications within 30 days. (Priority Outcome: Stronger Neighborhoods)
3. **Other issues recommended by the BAOC:**
  - a) On capital Project Budget Planning – is there racial inequities?
  - b) What percent of bond funding goes to minorities?

**Department of Planning  
Biennial Performance Audit  
Audit Scope, Objectives and Methodology  
Fiscal Years Ended June 30, 2017 and 2016**

To accomplish our objectives, we conducted inquiries of key individuals to obtain an understanding of the internal controls and related policies, processes and procedures, and systems, established by DOP for the selected performance measures and functions. Where possible, we also utilized the systems' documentation obtained as part of our audit of the City's Comprehensive Annual Financial Report (CAFR).

We also performed tests, as necessary, to verify our understanding of the applicable policies and procedures; reviewed applicable records and reports utilized to process, record, monitor, and control DOP's functions pertaining to the selected performance measures; assessed the efficiency and effectiveness of those policies and procedures; and determined whether DOP met its performance measure targets.

The findings and recommendations are detailed in the Findings, Recommendations, and Audit Results section of this report. The responses of the Department of Planning are included in Appendix II of this report.



**Department of Planning  
Biennial Performance Audit  
Findings, Recommendations and Audit Results  
Fiscal Years Ended June 30, 2017 and 2016**

*Development Oversight and Project Support – Service 761 Percent of assigned building permits reviewed within 48 hours.*

**Finding #1 – No Documentation to Support the Targets and Actual Performance Measure**

**Condition:**

During our audit, we requested documentation to support the targets and actual amounts reported for fiscal years 2017 and 2016. According to DOP, the Department of Housing and Community Development (HCD) generated the applicable reports for this performance measure; however, DOP did not retain those reports for the performance measure targets and actuals.

**Criteria:**

All agencies should establish proper internal controls over information/performance results reported. All documentation and records should be properly managed and maintained, and readily available for examination.

**Cause:**

DOP did not maintain the supporting documentation for the performance measure “percent of assigned building permits reviewed within 48 hours” during fiscal years 2017 and 2016.

**Effect:**

We could not verify the reliability of the actual amounts reported for the performance measure “percent of assigned building permits reviewed within 48 hours” for fiscal years 2017 and 2016.

**Recommendation:**

We recommend that DOP implement procedures to ensure that records and supporting documentation are properly maintained and readily available for examination.

**Finding #2 – Inconsistent Performance Measure Target for Fiscal Year 2017**

**Condition:**

The fiscal year 2017 performance measure target for “percent of assigned building permits reviewed within 48 hours” was inconsistently reported in the fiscal years 2017, 2018 and 2019 Budget Books. DOP reported that it met its fiscal year 2017 performance measure target, however, supporting data was not available (refer to Finding #1).

**Department of Planning  
Biennial Performance Audit  
Findings, Recommendations and Audit Results  
Fiscal Years Ended June 30, 2017 and 2016**

**Finding #2 – Inconsistent Performance Measure Target for Fiscal Year 2017 (Continued)**

**Condition (continued):**

Priority Outcome: Growing Economy				FY 2017	FY 2017
Service	Type	Performance Measure		Target	Actual
761: Development Oversight and Project Support	Efficiency	% of building permits reviewed within 48 hours	Budget Book FY 2016		
		% of assigned building permits reviewed within 48 hours	Budget Book FY 2017	90%	
		% of assigned building permits reviewed within 48 hours	Budget Book FY 2018	85%	
		% of assigned building permits reviewed within 48 hours	Budget Book FY 2019	85%	93%

**Criteria:**

Proper internal controls over information/performance measure data reported.

**Cause:**

According to DOP, the performance measure target for fiscal year 2017 was intentionally reduced in subsequent years' Budget Books because of a new zoning code that was implemented in June, 2017. DOP was not sure how much time it would need to train the staff for the new zoning code/regulations.

**Effect:**

Providing changes in subsequent years' Budget Books for previously established performance measure targets' data would cause applicable performance measure results to be misleading.

**Recommendation:**

We recommend that after a fiscal year's performance measure target has been established and included in the City's Budget Book, any changes made in subsequent years' Budget Books to that fiscal year performance measure targets or actual amounts should be disclosed by BBMR in order to avoid misleading results. Based on its response to our other recent audits, it is our understanding that going forward, BBMR will ensure all budget analysts are properly instructed as to this procedure prior to each budget cycle, emphasizing that changes to the performance data must be properly disclosed in the budget document.

**Department of Planning  
Biennial Performance Audit  
Findings, Recommendations and Audit Results  
Fiscal Years Ended June 30, 2017 and 2016**

**Finding #3 – Performance Measure Target Not Met**

**Condition:**

DOP did not meet its target for the number of assigned building permits reviewed within 48 hours during fiscal year 2016.

Priority Outcome: Growing Economy				FY 2016	FY 2016
Service	Type	Performance Measure		Target	Actual
761: Development Oversight and Project Support	Efficiency	% of building permits reviewed within 48 hours	Budget Book FY 2016	90%	
		% of assigned building permits reviewed within 48 hours	Budget Book FY 2017	90%	
		% of assigned building permits reviewed within 48 hours	Budget Book FY 2018	90%	87%
		% of assigned building permits reviewed within 48 hours	Budget Book FY 2019		87%

**Criteria:**

Performance measure target established for fiscal year 2016.

**Cause:**

According to DOP, some building permits may require multiple reviews, depending on the work to be performed. The review process may also be delayed due to incorrect plans submitted by the applicant/s or the applicant/s did not respond in a timely manner to the reviewer’s request for additional information. Programming errors (technical issues) within the review software can also delay the review process. Also, DOP reviewers may have overlooked reviewing some building permit applications.

**Effect:**

Impairment of effectiveness or efficiency of operations.

**Recommendation:**

Since DOP met its target in fiscal year 2017, DOA recommend the Agency continue operating accordingly.

**Department of Planning  
Biennial Performance Audit  
Findings, Recommendations and Audit Results  
Fiscal Years Ended June 30, 2017 and 2016**

*Historic Preservation – Service 762 – Number of preliminary reviews completed for tax credit applications within 30 days.*

**Finding #4 – Inconsistent Performance Measure Targets for Fiscal Years 2017 and 2016**

**Condition:**

The targets during fiscal years 2017 and 2016 for the performance measure “number of preliminary reviews completed for tax credit applications within 30 days” were inconsistently reported in the fiscal years 2019, 2018, 2017, and 2016 Budget Books.

	FY 2017 Target	FY 2016 Target
Budget Book FY 2016	-	490
Budget Book FY 2017	450	450
Budget Book FY 2018	450	490
Budget Book FY 2019	490	-

**Criteria:**

Proper internal control over information/performance measure data being reported.

**Cause:**

Administrative errors or oversight could have caused the inconsistent reporting of fiscal years 2017 and 2016 performance measure target data in the City’s Budget Books.

**Effect:**

Providing incorrect data would cause performance results to be misleading.

**Recommendation:**

We recommend that after a fiscal year’s performance measure target has been established and included in the City’s Budget Book, any changes made in subsequent years’ Budget Books to that fiscal year performance measure targets or actual amounts should be disclosed by BBMR in order to avoid misleading results. Based on its response to our other recent audits, it is our understanding that going forward, BBMR will ensure all budget analysts are properly instructed as to this procedure prior to each budget cycle, emphasizing that changes to the performance data must be properly disclosed in the budget document.

**Department of Planning  
Biennial Performance Audit  
Findings, Recommendations and Audit Results  
Fiscal Years Ended June 30, 2017 and 2016**

**Finding #5 – Inconsistent Fiscal Years 2017 and 2016 Performance Result**

**Condition:**

Based on our audit of the applicable performance measure, we determined that DOP’s fiscal years 2017 and 2016 performance measure actual results, reported in the fiscal years 2019 and 2018 Budget Books, were not consistent with the reports supporting the actual results we obtained from DOP.

	Per Budget Book (BBMR)		Per DOP (CHAP)
	TARGET	ACTUAL	ACTUAL
FY 2019 for FY 2017	490	450	392
FY 2018 for FY 2016	450	249	197

**Criteria:**

Proper internal control over reliability of information/performance data reported.

**Cause:**

Administrative errors and/or oversight could have caused the inconsistent reporting of the fiscal years 2017 and 2016 performance measure actual results in the City’s Budget Books.

**Effect:**

Providing incorrect data would cause performance results to be misleading.

**Recommendation:**

We recommend that DOP implement procedures to review the information included in the Budget Book, compare to the report submitted, and communicate with BBMR or Budget Analyst assigned to DOP to ensure reliability, completeness and accuracy of information.

**Finding #6 – Performance Measure Target Not Met**

**Condition:**

DOP did not meet its targets for the number of preliminary reviews completed for tax credit applications within 30 days during fiscal years 2017 and 2016 (refer to table in Finding #5).

**Criteria:**

Performance measure target during fiscal years 2017 and 2016.

**Cause:**

The targets for each fiscal year is established by projecting the number of tax credit applications received by DOP. The number of applications reviewed is dependent on the number of applications received over which DOP has no control.

**Department of Planning  
Biennial Performance Audit  
Findings, Recommendations and Audit Results  
Fiscal Years Ended June 30, 2017 and 2016**

**Finding #6 – Performance Target Not Met (Continued)**

**Effect:**

Impairment of effectiveness or efficiency of operations.

**Recommendation:**

We recommend that DOP re-evaluate the methodology for establishing its target to reflect the true meaning of the actual performance or expected result and consider performance measures for which the agency has control. We also recommend that DOP consult with the Bureau of the Budget and Management Research (BBMR) to consider the possibility of changing its performance measure from “number of preliminary reviews completed for tax credit applications within 30 days” to “percent of preliminary reviews completed for tax credit applications within 30 days”. Additionally, we recommend that DOP consider using historical data, if applicable, to establish its performance measure target (i.e., using the average number or percent of tax credit applications received and/or reviewed over the last three years).

**Audit Result:**

*Other Issues Recommended by the Biennial Audit Oversight Commission -*

- a) **On capital Project Budget Planning – is there racial inequities?**
- b) **What percent of bond funding goes to minorities?**

For DOP’s response to BAOC’s inquiries, refer to Appendix I.

**Department of Planning**  
**Biennial Performance Audit**  
**Status of Prior Findings and Recommendations**  
**Fiscal Years Ended June 30, 2017 and 2016**

The following is a summary of the status of the prior findings and recommendations included as part of the prior performance audit report of the Department of Planning, dated November 4, 2016.

**Previous Finding#1 (Service 761)**

DOP does not have documented procedures for the data collection, calculation, and validation methods used. They also have not established controls for recording, reviewing and reporting of the target and actual performance measure.

**Previous Recommendation #1**

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

**Follow-up Status #1**

**Partially Implemented.** According to DOP, to the best extent possible DOP has improved its data collection and documentation. DOP was able to provide supporting documentation for the reported actual amounts during fiscal years 2017 and 2016 for Service 762: Historic Preservation's selected performance measure. However, supporting documentation for the selected performance measure for Service 761: Development Oversight and Project Support was not available to the auditors. Records were not retained properly by DOP when information was merged into the Department's overall report. DOP suggest that they will be more careful to retain its supporting documentation going forward.

**Previous Finding #2 (Service 762)**

DOP does not have documented procedures for the data collection, calculation, and validation methods used. They also have not established controls for the recording, reviewing and reporting of the target and actual performance measure.

**Previous Recommendation #2**

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

**Follow-up Status #2**

**Not Implemented.** According to DOP, it has not received any guidance from BBMR on this matter.

**Department of Planning**  
**Biennial Performance Audit**  
**Status of Prior Findings and Recommendations**  
**Fiscal Years Ended June 30, 2017 and 2016**

**Previous Finding #3 (Service 765)**

DOP does not have documented procedures for the data collection, calculation, and validation methods used. Also, it has not established controls for the recording, reviewing and reporting of the target and actual performance measure. There were no supporting schedules or data to support the numbers reported.

**Previous Recommendation #3**

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

**Follow-up Status #3**



**Not Implemented.** According to DOP, it did not implement the previous recommendation because it has not received any guidance templates or methodology from Budget. DOP has been using the validation form provided.



## **Appendix I**

**Department of Planning's Response**

**To the Biennial Audit Oversight Commission**

FROM	NAME & TITLE	Source:  Thomas J. Stosur, Director	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 417 EAST FAYETTE STREET, 8 <sup>th</sup> Floor		
	SUBJECT	Performance Audit Question		

TO

DATE:

September 20, 2018

Mr. Milton Wolinski, Audits

The Department of Planning is happy to share and discuss with the Biannual Audits Oversight Commission. (BAOC) and the City Council our preliminary equity analysis of capital budget appropriations for the previous six years. However, we do have issues with the questions we received in the performance audit engagement letter relative to this topic.

The first question is too vague and open-ended. **Preliminary** analysis of fiscal year 2014-2019 data shows some differences in the total capital funding appropriated for projects in neighborhoods with a higher percent of population that is white.

This **preliminary** analysis does not account for any projects appropriated in DPW utility budgets (72% of the total for those years). It also does not account for funds appropriated in "bulk" accounts, which are accounts for which locations of spending have not yet been determined. Bulk accounts comprised 46% of the remaining total, after DPW utility appropriations were removed. We are currently working with a university researcher to refine the analysis, provide a written summary for publication, and assist with addressing the data gaps in the analysis. We recognize it will take a lot of work and perhaps investment in data collection staff and systems to fully close those data gaps.


As to the second question, maybe there is an error in wording? Bond funds are a small but important component of the overall capital budget. Capital dollars (including bond funds) are allocated to projects and programs, but not to individuals or community groups. Therefore we are not able to determine the percent of bond funding that goes to minorities as a result.

As we continue our capital budget equity analysis work, we would be pleased to share it with the Council and the Biannual Audits Oversight Commission. (BAOC).

cc: Ms. Audrey Askew

## **Appendix II**

### **Department of Planning's Response To the Performance Audit Report**

FROM	NAME & TITLE	LAURIE FEINBERG, ACTING DIRECTOR	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	DEPARTMENT OF PLANNING 417 EAST FAYETTE STREET, 8 <sup>th</sup> Floor		
	SUBJECT	PERFORMANCE AUDIT		

TO

DATE:

November 21, 2018

Mr. Milton Wolinski, Department of Audits

Please see below the Department of Planning (DOP) official response to audit findings of November 16, 2018.

Development Oversight and Project support – Service 761

Percent of Building Permits reviewed within 48 hours.

**Finding #1 No Documentation to Support the Targets and Actual Performance Measure.**

This service depends on the Housing Department Permits system for the tracking. They run a script each year that tells us where we are on the 48 hour target. We neglected to save the file and it could not be replicated but and that can easily be remedied.

**Finding #2 Inconsistent Performance measure Target**

Yes, we changed our target measure from 90% to 85% percent because we were anticipating an increased workload and no additional staffing. This was intentional and it is important to be able to do this. As it turned out staff was able to handle the increase very well.

**Finding #3 Performance Measure Target was not met.**

In FY 16 the target was 90% and actual 87% and then in FY 17 the Target was 85% because we still had a vacancy and we expected new code to increase work load, and actual was 93%. If you take an average of the audit years we more then met target.

Historic Preservation Service 762 – Number of preliminary reviews completed for tax credit applications within 30 days

**Finding #4 Inconsistent Target**

This was a reporting error on part of BBMR

**Finding #5 Inconsistent fiscal years 2017 and 2016 Performance result**

Similar to #4, yes we can double check reports better, and these will no longer be an issues with Finding #6.

**Finding #6 - Did not Meet Target**

The target is established by projecting number of Tax credit applications received by DOP. The number of applications reviewed is a factor of number received over which DOP has no control. We agree with the recommendation to change to a percentage of applications received.

As with our comments on November 2, 2016 on the Hamilton Audit, we continue to think this process could be improved if the Budget Bureau and Audits team worked together to develop templates and guidance documents for performance measures that met their joint requirements.