



BIENNIAL PERFORMANCE AUDIT OF THE BALTIMORE CITY PLANNING COMMISSION AND DEPARTMENT OF PLANNING

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OUTLINE

1. Audit Objectives, Scope, and Methodologies
2. City Code Article 1, Subtitle 39
3. Findings
4. Overall Risks
5. Questions?

AUDIT OBJECTIVES AND SCOPE

- Evaluate the Planning Commission and Department of Planning's capital budgeting processes to determine how the City of Baltimore (City) prioritizes capital projects and whether funds are distributed equitably.
- Fiscal Years 2021 and 2020



AUDIT METHODOLOGIES

- Researched and reviewed (1) Ordinance 18-0223, Equity Assessment Program and Baltimore City Code Subtitle 39, Equity Assessment Program and (2)) equity processes, equity plans, and equity reports of other cities and counties.
- Interviewed key individuals from DOP, DHCD, DOT and DPW to obtain an understanding of the policies and procedures and systems that govern the Capital Improvement Program (CIP) process.
- Identified the related risks and evaluated the internal controls over the administration of CIP.

CITY CODE ARTICLE 1, SUBTITLE 39, *EQUITY ASSESSMENT PROGRAM*

Certain Requirements

- City agencies to develop and implement an equity action plan to incorporate and embed equity principles and strategies into City operations, programs, services, and policies.
- The Director of Planning to conduct an equity assessment on any proposed capital budget and score the proposed budget based on that assessment. The results of each proposed capital budget shall be published on the Department of Planning's Website.

Definitions

- **Equity** - Closing the gaps in policy, practice, and allocation of City resources so that race, gender, religion, sexual orientations, and income do not predict one's success, while also improving outcomes for all.
- **Equity Assessment** - A systematic process of identifying policies and practices that may be implemented to identify and redress disparate outcomes on the basis of race, gender, or income.

FINDING I

Caption

The criterion used to evaluate capital improvement projects based upon equity requires improvement.

Conditions

- A formal City-wide process to evaluate capital budget submissions based on equity and other factors was not in place during FY2021 and FY2022.
- The Planning Commission and DOP developed the Evaluation Criteria and Scoring Guide on September 23, 2021. DOP tested the criteria during FY2022 and instituted the process in FY2023.
- The DOP did not weight the criteria to focus on equity outcomes; therefore, it is incomplete.

FINDING I (CONTINUED...)

Recommendation I: We recommend the Planning Commission / DOP:

- Revise the Evaluation Criteria and Scoring Guide to weight equity outcomes in scoring each criteria and facilitate continuity throughout the City.

FINDING II

Caption: The process to Measure and Report the Distribution of Capital Projects Based on Equity is not complete.

Condition: The current equity reporting process is incomplete and does not adequately reflect the true picture of the distribution of the capital improvement projects (CIP) budget across CSAs or City neighborhoods and the related disparities, if any.

- Current equity reporting is comprised of approximately 60 percent of the CIP budget submitted by agencies, through the Ordinance of Estimates period.
- The remaining 40 percent of the agency CIP budget submissions and subsequent transfers between CSAs that occur after the Ordinance of Estimates are not captured and reported based upon equity and / or actual use.
- A monitoring process was not established to validate whether budgeted project services are performed within the designated CSA. Also, the current accounting system does not support reporting of capital projects expenditures by location.

FINDING II (CONTINUED...)

Recommendation II: We recommend the Planning Commission / DOP:

- Develop a methodology to identify and evaluate the areas affected by projects by type and properly allocate the capital project investment for capital projects that are spent in one area but affect multiple CSAs;
- Establish a process to require agencies to submit an equity analysis for all capital projects that excluded a CSA through the Ordinance of Estimates and indicate the actual capital funding use, (e.g. agency selected equity-based project, non equity-based project and emergency);
- Capture and report the results including transfers submitted by the agencies and;
- Work with the Department of Finance (DOF) to determine whether CSA / location information can be incorporated into the chart of accounts. In the interim, a monitoring process should be established to validate whether capital projects are performed within the CSA reported for budget and equity purposes.

FINDING III

Caption: The opportunity to strengthen City resident engagement in the capital budgeting process currently exists.

Conditions: The methodology for engagement of City residents in the capital budget development is decentralized, limited in nature and inconsistently applied across agencies.

While equity is a consideration in the development of the capital budget, formal (written, approved, and dated) City-wide policies and procedures have not been developed to formally engage residents across the equity spectrum in the selection of projects which may result in diminished awareness and inequitable access to capital project funding.

FINDING III (CONTINUED...)

Recommendation III: We recommend that the Planning Commission and DOP develop formal (written, approved, dated) City-wide policies and procedures that:

- Engage citizens across the City in the beginning of the capital budget process at agency level
- Include the documenting and evaluation of recommendations from citizens based on equity. This is applicable to both agencies and DOP

FINDING IV

Caption: A City-wide equity plan to focus limited resources on underserved communities and assess outcomes does not exist.

Conditions: The City does not have a formal City-wide equity plan to manage the equitable distribution of limited resources that also focuses on the allocation of funding to close the gap in historically redlined / underfunded communities. Without a Citywide equity plan, the City cannot effectively establish goals and measure the related outcomes.

The current equity-based capital budget process is decentralized. Each agency performs an equity analysis and allocates its capital budget based on the information it accumulates (e.g. limited community engagement) to determine the neighborhoods that will receive capital funding based on equity.

FINDING IV (CONTINUED...)

Recommendation IV

- We recommend the Office of Equity and Civil Rights develop a City-wide plan that targets underserved communities and closes the related gaps.

OVERALL RISKS

- Without a Citywide equity plan, the City cannot effectively establish goals and measure the related outcomes
- Current equity reporting is inaccurate and incomplete and excludes adequate input from City residents across the equity spectrum which may affect management's decision making for distribution of City's funds equitably



Questions?