

PHED Committee #1  
August 1, 2016

**MEMORANDUM**

July 28, 2016

TO: Planning, Housing, and Economic Development (PHED) Committee

FROM:  Marlene Michaelson, Senior Legislative Analyst

SUBJECT: Update – M-NCPPC Central Administrative Services

In 2009, concerns were expressed regarding Central Administrative Services (CAS) within the Maryland-National Park and Planning Commission (M-NCPPC). CAS provides the administrative functions for both the Montgomery and Prince George's portions of this bi-county agency through three departments: Human Resources and Management (DHRM), Finance, and Legal. The Montgomery County Council and Prince George's County Council asked its staff to undertake a study of CAS and to determine if "efficiencies can be obtained within the current structure of the CAS, or if restructuring may be necessary to achieve these efficiencies." Among other issues, the staff was asked to consider whether it would be advisable to have some services provided by the respective County governments instead of CAS. The Final Report of the study, minus appendices, is attached at © 1 to 32. CAS staff will provide the Planning, Housing, and Economic Development (PHED) Committee with an update on their efforts to implement the Report's recommendations. The PowerPoint they will use for their presentation to the Committee is attached at © 33 to 45.

In interviews conducted in 2009 with staff in the Montgomery County Planning Department and Department of Parks departments, representatives expressed concern about the "lack of customer service (except in the Legal Department) and felt that the relationship between CAS and the user departments was more dictatorial than collaborative, and that CAS sometimes hinders, rather than helps, user departments in their efforts to provide the best possible services for the public." They further indicated that "CAS does not seek input from the user departments regarding their needs and often does not follow up on user department requests or recommendations."

The Report generally did not recommend moving services to the respective County governments, but focused on potential improvements in the areas of Governance, Performance Management, and Differential Service provision for the two counties. It also had specific recommendations related to CAS functional tasks, including Audit, Information Technology (IT), Procurement, Training, and Human Resources. In total, the Report included 32 specific recommendations to improve operations. Report recommendations are on © 22 to 32 and the status of each recommendation is addressed in the PowerPoint on © 37 to 45.

During the preparation of the Report, there were a change in leadership in CAS and dramatic changes in operating procedures. In fact, many of the Report's recommendations were implemented before its final publication. Since completion of the Report there has continued to be significant progress, particularly in the area of governance. As noted in the CAS presentation, most of the Report's recommendations have been implemented. There are 2 significant recommendations that have not yet been implemented and may deserve additional consideration. The first is that CAS embed key personnel within the user departments to have a better understanding of their needs and work closely with them on specific services that would function better with additional department input. Legal staff are embedded in the user departments and this has worked very well. Hiring and procurement are other areas where embedding CAS staff in user departments could improve service. The CAS PowerPoint notes that they are continuing to consider this.

The other recommendation not implemented was to have certain services provided "on-demand", based on the needs of user departments, and to conduct a pilot effort. Although there are some core services that need to be provided on a centralized basis by CAS (e.g., payroll), there were others that could be provided for the user departments at different levels for different departments, based on their needs. For example, in 2010, the Department of Parks indicated that it was satisfied having CAS hire employees for them, whereas the Planning Department indicated a preference for hiring its professional staff internally, with limited CAS input, due to the unique skills they require for their professional staff. The PowerPoint indicates that "due to reduced funding and staffing, work programs have been redirected based on input from operating departments. Priorities established to meet regulatory and critical operational priorities." Staff believes that shifting to an on-demand model for some services could reduce costs, although perhaps not in the short term.

The bi-county study was initiated in part due to the dissatisfaction of planning and parks departments. It appears that things have improved significantly and, at least in Montgomery County, the departments are far more satisfied then they were 6 years ago. However, the best way to verify the level of satisfaction, whether CAS has improved its customer service and, perhaps most important, to identify opportunities for improvement, would be to survey those within the Planning Department and Department of Parks who use CAS's services. County Government Departments that offer similar services survey their users, and this would be helpful for CAS as well.

REVIEW OF THE CENTRAL ADMINISTRATIVE SERVICES OF  
THE MARYLAND-NATIONAL PARK AND PLANNING  
COMMISSION

April 2010

For Montgomery County: Marlene Michaelson and Dr. Costis Torgas  
For Prince George's County: Stephen McGibbon and Howard Stone

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## **A. Mandate**

During their review of the FY10 Operating budget for the Maryland-National Capital Park and Planning Commission (M-NCPPC), the County Councils for Prince George's and Montgomery Counties requested a study that would address the following mandate: determine if efficiencies can be obtained within the current structure of the CAS, or if restructuring may be necessary to achieve these efficiencies. The study focused on the **impact** of organizational form on efficiency rather than efficiency itself; rather than probe deeply and with detailed analysis into the actual efficiencies of CAS operations, staff interpreted the mandate as a request to understand the organizational barriers to productivity, and attempted to identify and propose organizational changes bound to enhance this efficiency of operations.

To carry out this mandate, a Working Group was formed consisting of representatives of M-NCPPC and of each County's Legislative and Executive branches of government (see **Appendix 4** for Participants in Working Group). The four representatives of the Legislative Branch (the Study Team) had the primary responsibility for collecting and analyzing data, developing recommendations, and writing a report to the two Councils. This report is the draft report of this Study Team.

## **B. Methodology**

In order to achieve the objectives established by this mandate, the Study Team met with members of the Working Group, including representatives from M-NCPPC and County government departments, to obtain an understanding of the Central Administrative Services (CAS) structure and to determine the feasibility of acquiring some of these functions in the respective County governments. The Study Team also reviewed formative documents, including Article 28, Planning Board reports by CAS, and Montgomery County and Prince George's County departmental documents.

CAS identified its core functions and formally presented this information, including the cost, staffing levels, and workload of each function, to the Working Group. (See the "Framework for Analysis" section of this report for further discussion.)

In addition, the Study Team conducted interviews with representatives of the Montgomery and Prince George's County Planning Boards, user departments in the Commission, and other stakeholders to determine their levels of satisfaction with the services provided by CAS. (See the "Summary of Interviews" section of this report for further discussion.)

## **C. Background**

### **Authority and Purpose**

The Maryland-National Capital Park and Planning Commission (the Commission) was established by the Maryland General Assembly in 1927. The Commission serves the bi-county area of Montgomery and Prince George's Counties. This area has a population of close to 1.8 million citizens and extends over 1,000 square miles adjacent to the Nation's Capital. The purpose, powers and duties of the Commission are found in Article 28 of the Annotated Code of Maryland. Pursuant to this Article, the Commission is empowered to:

- Acquire, develop, maintain and administer a regional system of parks defined as the Metropolitan District;
- Prepare and administer a general plan for the physical development in the areas of the two counties defined as the Regional District; and
- Conduct a comprehensive recreation program for Prince George's County. (The Montgomery County Department of Recreation is in the County Government, not M-NCPPC.)

Montgomery County contains 496 square miles (or 317,000 acres) of land area, with the Commission providing over 33,000 acres of parkland (over 10% of total acreage) within the County. The County's population is estimated to be 968,000. The Commission operates many parks and facilities in Montgomery County, including:

- 5 Regional Parks
- 94 Neighborhood Parks
- 3 Event Centers
- 5 Equestrian Centers
- 4 Golf Courses (currently managed by the Montgomery County Revenue Authority)
- 2 Indoor Tennis Centers

Prince George's County contains 487 square miles (311,680 acres) of land area and has an estimated population of 833,862. The Commission provides over 25,000 acres of parkland within the County (8% of the total land area in the County) and operates a variety of parks and facilities in the County, including:

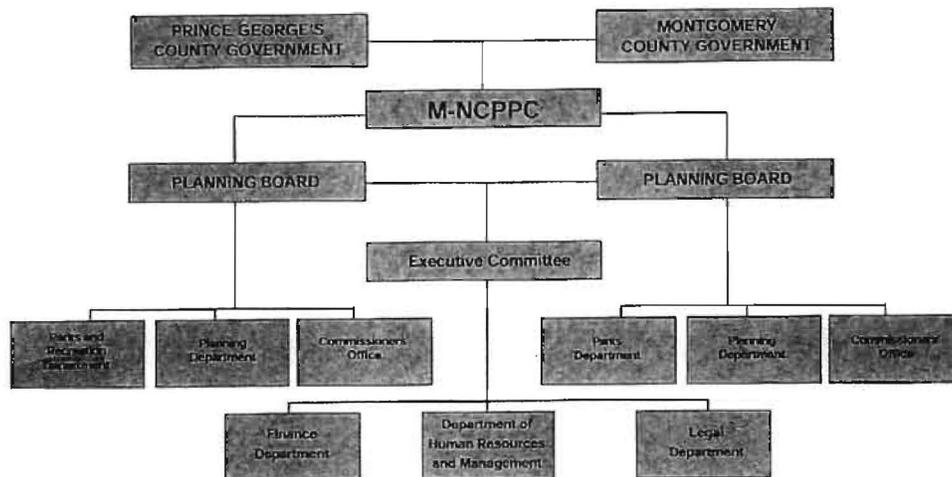
- 4 Regional Parks
- 83 Community Parks
- 11 Aquatic Facilities
- Sports and Learning Center
- 40 Community Recreation Centers
- 3 Indoor Tennis Facilities
- Equestrian Center & Showplace Arena
- 5 Golf Courses

## Organization

The Commission consists of ten members – five from each county. A Commissioner from each county serves as chair and vice-chair of the Commission, and the chairmanship rotates annually between counties. The Commission coordinates and acts collectively on regional and administrative issues, and divides into the two respective County Planning Boards to conduct all other matters. Respective County Councils have final approval of the Commission’s budget. Any issues affecting both counties must be jointly concurred upon by the County Councils.

Organizationally, there are seven departments in the Commission (See M-NCPPC Organizational Chart below). In Prince George’s County, these are the Department of Planning and the Department of Parks and Recreation; in Montgomery County, these are the Department of Planning and the Department of Parks (these four departments are referred to in this Report as the “user departments”). The Human Resources and Management, Finance, and Legal departments comprise the Central Administrative Services (CAS), which supports operations in both counties. The budget for the CAS staff functions is generally divided evenly between the two counties, and the budget for these units must be approved jointly by both counties.

### THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION ORGANIZATIONAL CHART



Under Article 28 §2-106 of the Annotated Code of Maryland, the Commission appoints an Executive Director, a Secretary-Treasurer, and a General Counsel to oversee the Human Resources and Management, the Finance, and the Legal departments, respectively. Refer to **Appendix 1** for the organizational charts of the individual departments within CAS.

The Executive Committee – consisting of the Chairman, Vice-Chairman, and the Executive Director of the Commission – was established to supervise the activities of the Executive Director and the bi-county departments. The Executive Committee performs functions delegated

by the Commission or the Planning Boards and has the authority to approve administrative practices for the Commission.

**D. Framework for Analysis**

The Central Administrative Services departments provide the institutional base and administration support for the Commission’s user departments and is involved in virtually every transaction performed by the Commission affecting both internal and external customers. It is the responsibility of CAS to ensure that the Commission’s business is carried out in an efficient and effective fashion.

CAS management identified a total of 46 functions currently performed in support of the user departments and the Commission as a whole, and this became the foundation for the analysis. The 46 functions were accepted as presented, together with information regarding the cost allocation (both in terms of dollars and personnel work years) and internal performance indicators and other descriptors. This information had not been previously compiled or shared with user departments in this succinct and comprehensive manner. The distribution of this material proved valuable to the departments, and began an information/update dialogue with CAS that will have lasting effect as well. The 46 functions are as follows:

<b>1. HUMAN RESOURCES AND MANAGEMENT</b>	<b>15</b>
Classification and Compensation	
Training	
Benefits Management	
Risk Management	
Employee Records Management	
Employee Labor Relations	
Recruitment	
Corporate Communications	
Corporate Records Management	
MDF/Fair Practices	
Budget	
Management Analysis	
Executive Management	
Employee Retirement System	
Non-Departmental	
<b>2. FINANCE DEPARTMENT</b>	<b>20</b>
Debt Management	
Corporate Financial Management/Analysis	
Financial Systems Administration & Training	
Department Management & Administration	
Accounting	
Accounts Payable	
Payroll	
Fraud, Waste and Abuse Audits	

Bank Reconciliation	
Facility and Program Audits	
Risk Assessments	
Investment Management	
Revenue Processing and Bank Management	
Taxes and Other Analysis	
Applications	
Network Security	
Computer Operations	
Procurement of Goods and Services	
Vendor Relations	
Records and Policy	
<b>3. LEGAL DEPARTMENT</b>	<b>11</b>
Advice	
Support for Planning Board/Commission Hearings	
Civil Trial Litigation	
Judicial Review Litigation	
Administrative Litigation	
Appellate Litigation	
Legislative Advocacy	
Business Transactions	
Property Management Transactions	
Procurement Transactions	
Regulatory Transactions	

The detailed information provided by CAS for each function is included as **Appendix 2** to this report.

These 46 functions establish the performance environment for the study. While there may be ways in which each of these functions could be performed in a more cost-effective manner without changing the service delivery model, this was not explored in detail for this study. CAS and the Planning Boards should continue to identify such opportunities. The Study Team focused on whether there are ways to improve performance for one or more functions by changing the service delivery model. The Study Team, using its own background in county government, considered alternative models of service delivery as well as options for improving the existing service delivery approach.

## **E. Summary of Interviews**

Interviews were conducted during the months of July, August, and September 2009 with members of the two Planning Boards and senior management in the following departments (CAS management was not interviewed about the services provided by other CAS departments):

Montgomery County Planning Department  
Montgomery County Department of Parks  
Montgomery County Executive Branch Departments

Prince George's Department of Parks & Recreation  
Prince George's County Department of Planning  
Prince George's County Executive Branch Departments

The interviews yielded insights into how CAS services were perceived and identified areas where the user departments saw opportunities for improvement. **There have been changes in CAS management and certain CAS policies and procedures since these interviews were conducted, and the Study Team believes that some perceptions of CAS have changed.** Nonetheless, this Report summarizes information gathered in interviews prior to the implementation of these changes. The comments presented reflect the opinions of those interviewed. The Study Team did not conduct empirical research to validate these comments.

### **Comments Relevant to Both Counties:**

Overall, discussions with the user departments in Montgomery County and Prince George's County yielded very different results. However, there was a general consensus on some key functions performed by CAS.

User departments in both counties were extremely satisfied with the embedded staff model utilized by the Legal Department. Under this model, legal staff is designated to work within the user departments on issues specific to each County. In addition, user departments agreed that the hiring process is more streamlined and less cumbersome with the implementation of the NEOGOV system, compared to the process of several years ago. As a result most departments have seen an improvement in the average number of days required to hire new staff. User departments were also pleased with the presentation of the specific functions performed by each CAS department in support of the Commission. As previously mentioned, this information had not been compiled and shared with the user departments in this manner, and the information proved to be valuable to the departments, as well as to the Working Group of this study, in understanding the services provided by CAS.

On the other hand, the user departments also agreed that there is a lack of coordination between the Legal Department and the county governments and that the relationship between them should be strengthened. There was also agreement between the user departments of both counties on the need to improve the services provided by CAS in several other areas. User departments in both counties raised concerns regarding the use of information technology (IT) within the

Commission, the internal audit process, and the level of service provided in the area of human resources.

The specific issues identified by the Montgomery County and Prince George's County users of CAS services, including the areas mentioned above, are discussed in more detail below.

## **Montgomery County Comments**

### **General Comments**

- Both user departments expressed concern about the lack of customer service (except in the Legal Department) and felt that the relationship between CAS and the user departments was more dictatorial than collaborative, and that CAS sometimes hinders, rather than helps, user departments in their efforts to provide the best possible services for the public.
- CAS does not seek input from the user departments regarding their needs and often does not follow up on user department requests or recommendations. Commission-wide policies and procedures should be developed with the input of user departments.
- Many CAS staff do not fully understand the daily functions and objectives of the user departments (except the Legal staff, who are embedded in the user departments).
- The Executive Committee does not function properly to solicit input from user departments (e.g., for items that should be on the agenda), and the lack of minutes means decisions are not recorded and are therefore difficult to implement and track.

### **Legal**

- Embedded staff model works very well; CAS staff, by working in the department, develop a good customer orientation and a solid information foundation for service delivery.
- Legal staff is very strong and generally provides superior quality services and products.
- Legal chargebacks are difficult to understand, especially differential charges to Montgomery County, without an explicit financial model that is understood and approved by all.
- Legislative services are spotty, and lack of coordination with Council and Executive staff sometimes leads to Commission positions that are not consistent with those of the County.

### **IT**

- IT staff are not up to speed with new technologies, and are not sufficiently nimble to track the rapidly changing profile of IT systems.
- Outputs of financial systems are not user-oriented and do not serve user financial management needs well.
- Centralized IT services should focus on Commission-wide needs (e.g., payroll); CAS should not play a role in department-specific IT applications unless requested by the department.

- Critical systems are not properly supported.
- Linkages between Montgomery County executive branch departments and the Planning Department and Department of Parks are more numerous and more critical to maintain in the IT world than the internal M-NCPPC linkages (particularly for the Department of Parks and Department of Recreation).
- Responsibilities between CAS and the user departments for IT procurement and management should be clarified with standards and protocol.
- Website content should be managed by the user departments.

### **Procurement**

- CAS is too involved in specialized, department specific procurements and not involved enough in efforts to secure good bulk prices for generic products.
- The thresholds for different levels of CAS involvement in the procurement process need to be reevaluated to provide the greatest focus by CAS on large or complex procurements and allow the departments to undertake small routine procurements without unnecessary reviews or delays.
- The development of standardized procedures and templates should allow user departments to process small routine procurements with very limited CAS review.
- There appears to be little incentive for CAS to meet user department timelines for procurements.
- Procedures and rules are often not documented and sometimes appear to be ad hoc or change from one procurement to the next.
- The procurement process does not provide opportunities for efficiencies (e.g., through bulk purchasing.)
- The procurement process is not transparent for user departments or vendors.

### **Audit**

- It is unclear what criteria are used to determine when and why an audit is required or who approves the scope of the audit.
- There is no independence in the audit process and some audits appear to be retaliation against individuals who have questioned CAS decisions.
- The focus appears to be on individuals and small purchases, rather than on the larger purchases that should be audited.

### **Training**

- Department-specific training (such as advances in IT land use applications or pesticide management) should be managed by user departments, while cross-Commission issues such as ethics, diversity, and supervisory skills should be managed through CAS.

## **Recruitment**

- CAS does well with non-professional positions (for example, park maintenance workers), but not as well with professional positions that have unique job requirements in the competitive Metro region.
- Standard formats used by CAS do not allow for flexibility to attract the most capable professional employees.
- The Montgomery County Planning Department continues to experience problems with CAS's ability to attract and screen the optimal candidates.

## **Prince George's County Comments**

### **General Comments**

- Overall, user departments appear to be satisfied with the services provided by CAS.
- The growth of CAS is not proportionate to the growth of the user departments.
- The Executive Director prepares the agenda for Executive Committee meetings; however, minutes (or other written documentation) of these meetings are not maintained. (Note: M-NCPPC procedure no. 1-11 requires the Executive Committee to "furnish reports of its meetings to the Commissioners".)
- Policies are created by the Commission and are implemented by the Executive Director.
- User department input is obtained on policy issues at the Executive Director's discretion.

### **IT**

- IT systems are antiquated.
- More automation is needed in the area of recruitment.
- Reports generated by the accounting system are not readily useful.
- Systems within the Commission do not interface/work well together.
- User departments feel there are too many people in control and that there is a need for a centralized IT authority.

### **Audit**

- User departments are not sure how audited areas are selected or if an audit plan exists.
- Audit services are performed infrequently.
- Audit staff is sometimes unresponsive to audit requests made by the departments (due to reported staff limitation).

### **Human Resources**

- The hiring process is more streamlined and less cumbersome. As a result, over the last 2 years, user departments have seen an improvement in the average number of days required to hire new staff.

- The classification system is outdated. Salaries do not correspond to the skills needed or to the complexity/volume of work for some positions. User departments believe that more competitive pay scales are needed.
- Reclassifications (desk audits) have become common practice rather than the exception.
- Applicant ratings are based on minimum qualifications, resulting in significant time spent by the departments narrowing down the list of eligible candidates.

### **Procurement**

- The procurement division is generally responsive to department needs.
- Some users have reported that the procurement process can be lengthy.
- The MFD process does not have a certification component.

### **Legal**

- User departments are well served and are kept well informed.
- The legal division is timely in providing legal advice and is always available.
- Staff is knowledgeable and has the ability to work in various areas within the legal division.
- Staff should maintain better working relations with the County Council.

## **SATISFACTION QUESTIONNAIRE**

Beyond face-to-face interviews, the Study Team requested the Planning and Parks and Recreation Departments to review and fill out a Satisfaction questionnaire. For each of the 46 CAS services, each department was asked to express their opinion as to current level of service and other evaluative parameters of operations. Each user department was given the chance to provide a single set of satisfaction scores.

Here is a *summary* of the responses to the questionnaire. Qualitative judgments can be drawn from the statistics. The most notable observations are as follows:

- There is a significant variation in the ratings of services between the Montgomery and Prince George's County departments, particularly for Human Resources and Management and Finance, where Prince George's County rated the services significantly higher than Montgomery County does.
- Both counties appear to be highly satisfied with the services provided by the Legal Department.

	<b>Human Resources and Management</b>	<b>Finance Department</b>	<b>Legal Department</b>	<b>Overall assessment</b>
<b>Montgomery County</b>	0.73	0.79	1.95	1.16
<b>Prince George's County</b>	1.32	1.43	1.95	1.57
<b>Average</b>	1.03	1.13	1.95	1.37

Scoring Notes

1. The scoring scale is as follows
  - Well Satisfied 2
  - Satisfied 1
  - Not Satisfied 0
  - Not Applicable or no answer Not included in tally or in subsequent computations
2. Prince George's County scores include the Parks & Recreation and Planning departments. Montgomery County scores reflect Parks and Planning departments.
3. Detailed scores by function are shown in **Appendix 3**.

## **F. COMMON THEMES**

From the interviews, surveys, and other communications with stakeholders, three major themes emerged for both counties: Governance, Performance Management, and Differential Service Provision. Each of these themes is presented and discussed below.

### **GOVERNANCE**

Governance relates to the process of making and implementing decisions. Some characteristics of good governance include clear accountability, disclosure and transparency, engaging stakeholders, and consistently following the rules of the law.

During our interviews with the user departments, many questions arose surrounding the issue of governance. Some representatives from the user departments indicated that they were unclear on the reporting relationship between the user departments and CAS departments, how decisions are made on policies and issues that impact the entire Commission, and the role of the seven department directors in these decisions. Furthermore, it was unclear to the user departments what role the Executive Committee had in addressing Commission-wide issues and whether the Planning Boards provided the appropriate level of oversight.

The CAS Study Team requested copies of the minutes of the monthly Executive Committee meetings for the last 5 years. However, CAS was not able to provide documentation of the meetings for our review. It is not evident how decisions made by the Executive Committee during these meetings were recorded and communicated to the other Commissioners. As previously mentioned, M-NCPPC administrative procedure no. 1-11 requires the Executive Committee to “furnish reports of its meetings to the Commissioners”.

The roles and responsibilities of key players in the governance process do not appear to be clearly defined and communicated, resulting in increased uncertainty as organizational changes are made over time. For a period of time, the Executive Committee meetings sometimes did not include the department directors in the meetings. The practices appear to have changed in the last months, but the appropriate procedures and protocol should be clearly documented and their implementation monitored by the Planning Boards.

During our meeting with CAS, it was also revealed that a formal process does not exist to incorporate the County Councils’ views as they relate to legislative matters. This has led to a lack of a unified voice when taking positions on pending state legislation. It is important that the county governments and the Commission strive to make decisions that are in the best interest of each County.

To have the maximum effect possible, it is important that both Planning Boards and the Councils be of one accord when taking positions on legislative matters. While each is an independent entity, a Planning Board should not take a position on a matter without communication to the relevant County Council of said position. Further, it is encouraged that the Planning Boards not take a position on legislative matters until the County Councils have taken a position. While this might prove difficult given the need for timely review of pending legislation, this issue is of

paramount importance. Communication is the key element in this process and it is important that each entity is aware of the other's position to avoid potential conflicts.

## **PERFORMANCE MANAGEMENT**

A concern raised during some of the interviews was whether CAS properly understood the needs of the user departments and responded to those needs, implying that the voice of the user departments is not strong enough in the CAS decision-making process. As a consequence, when things are not satisfactory to the departments, there are no mechanisms in place that can identify remediation actions, and users see no practical ways to influence improvements.

CAS has to answer to many masters; as a consequence, strategies and tactics that may be responsive to one may not please another. The way to avoid constant disagreements is to establish a straightforward set of performance metrics for each function performed by CAS, and to have it endorsed and approved by each user.

The first element in managing performance is a clear understanding of the services to be provided and how delivery of the services will be judged. Service Level Agreements (SLAs) are a useful tool to specify what services are to be provided, measure the quantity and quality of services provided, and permit a dialogue between provider and user based on pre-arranged targets of performance. Lacking such SLAs or similar performance agreements, it is difficult to manage the departmental direction and outcomes. An example of an SLA used by the Montgomery County Department of Technology Services is attached as **Appendix 5**.

## **DIFFERENTIAL SERVICE PROVISION**

Prince George's and Montgomery Counties are very different in terms of citizen demands, infrastructure and service allocations. These differences have created, over time, a very different culture of service expectations by the citizens of each county, and can lead to different requirements for services currently provided by CAS. Asking both Counties to receive the same uniform services, even though their needs and level of utilization may differ sharply, may not be optimal. To respond to this observation, the Study Team explored the notion of establishing a set of "core" services and a set of non-core or "on demand" services that could be provided according to a differential service agreement. CAS is currently testing this model on a very limited basis for records management (which they call shared services or "PAYGO" for pay-as-you-go).

The "core" services that are essential for all departments in both counties, irrespective of their unique needs and services that benefit from being provided by a single common entity, should be performed by CAS and charged to all users. In this way, economies of scale are accomplished in the most efficient manner. Examples of functions that should be included in this cluster of "core" services are accounting and revenue management services.

Some services, however, may tie directly to the unique requirements of a department or agency and be of no interest to others. Similarly, a department may have unique requirements that are best met through contracting with other entities, such as another governmental entity, a private vendor, or a non-government organization (NGO). Services such as specialized information technology (IT) needs, recruitment, and department specific training may fall in this category. Options for better distinguishing between core and non-core services and meeting department needs are described in the recommendations section of this report.

## **G. FUNCTIONAL TASKS**

The Study Team did not have the opportunity to perform a detailed review of CAS's success in performing each of the 46 functions listed earlier in this report; however, there appears to be a high level of satisfaction with most of the legal services and little comment by the departments on many of the functions, particularly those related to financial management/accounting. (The lack of comments and the relatively high ratings of the departments appear to indicate satisfaction with many services.) While there were several comments regarding the caliber of attorneys employed by CAS, at least some part of the overall satisfaction appears to be related to the strategy of embedding CAS attorneys with the user departments where they have an enhanced level of understanding of the issues faced by the departments.

CAS provision of some services appears to be problematic, either because they do not appear to meet the user department needs or are providing services in a manner that is not consistent with generally accepted practices or standards. These functions are summarized below.

### **Audit**

Auditing is essential to government accountability; hence, conformance with internal audit standards is necessary to ensure the responsibilities of the audit function are met. CAS reported that its audits are performed in accordance with Generally Accepted Government Auditing Standards (GAGAS). These standards, used by auditors of government entities and entities receiving government funding, provide a "framework for performing high-quality audit work with competence, integrity, objectivity, and independence".<sup>1</sup>

Staffing of the CAS audit function includes one audit manager and four staff positions (although one of the staff positions is currently frozen). The audit manager is accountable to the Secretary-Treasurer and the Audit Committee. The Audit Committee, established by the Commission in an Administrative practice in April 2008, consists of one Commissioner from each county and a third member from outside of the Commission. The Commission's Secretary-Treasurer serves as secretary. The Administrative Practice indicates that the Audit Committee "should have access to the services of at least one independent financial expert, either a Committee member or an outside party engaged by the Committee for this purpose". The third member of the Committee

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<sup>1</sup> Government Auditing Standards, United States Government Accountability Office, July 2007 Revision

was never appointed nor does it appear that the Audit Committee has had access to outside expertise.

This Committee is responsible for providing independent review and oversight of the Commission's financial reporting processes, internal control, and independent auditors. The Committee is supposed to meet at least quarterly and report back to the Commission, as well as provide an annual report to the Commission. No written reports have been prepared by the Audit Committee and the Study Team does not know whether the Planning Board representatives on the Audit Committee orally briefed the rest of their respective Planning Boards.

As previously mentioned in the Summary of Interviews section of this report, the following issues were raised by **some of the user departments** interviewed during this study:

- There appears to be a lack of independence in the audit process;
- The criteria used to determine the audits performed is not clear; and
- Audits are not performed frequently and staff is sometimes unresponsive to audit requests.

It was also noted during our interview with CAS that the internal audit function does not appear to be in compliance with Generally Accepted Government Auditing Standards regarding the performance of external peer reviews. **It is important to note that the Study Team has neither reviewed any of the audits prepared by CAS nor made any determination regarding the quality or independence of those audits.** GAGAS recommends a statement of compliance in each audit and the Study Team does not know whether M-NCPPC audits include such a statement.

In accordance with GAGAS, the audit function "must be free from personal, external, and organizational impairments to independence and must avoid the **appearance** of such impairments of independence" (emphasis added). The current reporting structure, with the audit manager reporting to the Secretary-Treasurer and also having direct access to the Executive Director, as well as allowing the Secretary-Treasurer to serve as secretary of the Audit Committee, could be perceived as having an effect on independence. Although CAS indicated that the internal audit manager has full and free access to the Audit Committee, we were not able to determine whether this sufficiently addresses any perceived lack of independence.

GAGAS also recommends limiting audits of services that are otherwise provided by the auditing entity as a non-audit service (GAGAS section 3.29). Further analysis should be completed by auditing experts to determine if CAS fully complies with these requirements.

Basic requirements for the professional practice of internal auditing include developing a risk-based audit plan at least annually to determine audit priorities. The annual audit plan should be submitted to senior management and the board for review and approval. Periodic reports of internal audit's performance relative to the audit plan should be made to senior management and the board. Additionally, the internal audit function must ensure that internal audit resources are sufficient to achieve the CAS's approved audit plan. CAS Standard Operating Procedures require the preparation of an annual Audit Plan, approved by the Audit Committee and subject to

their quarterly review. The FY09/FY10 Audit Plan, attached as **Appendix 6**, lists projects but does not provide any information regarding the scope of the audit, the rationale of the audit, the level of risk associated with each audit function, or the resources required to implement the audit, making it difficult for someone who reviews the Plan to determine whether they concur with the selection of potential audits. The lack of an outside expert on the Committee also limits the value of any review of the Audit Plan. Also, despite the desire by some departments to have more frequent audits performed, CAS acknowledged that it cannot always respond to audit requests from the user departments due to limited resources in the internal audit division.

During our discussion with CAS, we were informed that external peer reviews are not performed on the audit function. However, GAGAS standards state that the organization “**must** have an external peer review performed by reviewers independent of the audit organization being reviewed at least once every 3 years”. Since CAS reports that it follows GAGAS, the internal audit function should be following all applicable GAGAS requirements. GAGAS also requires each audit organization to document its quality control policies and procedures and communicate those policies and procedures to its personnel (Section 3.52). CAS indicates that they first developed a quality assurance and improvement program in March 2009.

Finally, it is unclear whether audits are disseminated to all relevant parties and whether there is adequate follow-up to determine whether recommended changes are implemented. It does not appear that the Audit staff routinely brief the Audit Committee, Planning Board Chairs and/or the Planning Boards on the findings in the audits they perform and provide only selective follow-up information on implementation.

## IT

There is no question that IT services are the lifeblood of all M-NCPPC departments. However, it appears that the two counties have significantly different needs and desire different levels of service from CAS in this important area. For example, the Montgomery County Planning Department has 18 different IT links to Montgomery County Government and only 8 links to CAS at the system level:

CAS	MONTGOMERY COUNTY GOVERNMENT
Performance/Financial Systems	Home Owners Notification
HP Applications P2K	Project DOX
E-Mail	State Foreclosure Rate
Web	GIS Data Pipeline
Kronos	Video Conferencing
Faser	Fibernet
Facility Security	SDE
Purchase Card	LIDAR
	E-Mail
	Web
	Addressing
	Hansen
	CISO Firewall
	MC Police - FBI Database
	Permits
	Tax Assessor
	Desktop Support
	Single Recreation Registration

This disparity of connectivity suggests that the departmental needs in IT – at least for the Montgomery County Planning Department - may well be better served through a more decentralized IT effort that can be properly reflective to the operational needs of the agency.

The authority for making decisions for IT support at the application level appears to be diffuse. User input into the design, development, and deployment of IT systems is uneven, and many examples were cited regarding the unexpected appearance of IT systems that may have been analyzed by CAS, but enjoyed little appreciation from the departments. Well beyond a communications problem, this issue of user input and engagement is so significant that the two Board chairs have made it a priority. Two separate studies were conducted by independent firms Clifton Gunderson and Public Technology Institute, and the results of both are being reviewed for implementation. More will be said in the recommendations section of this report regarding structural changes that can alleviate the dissatisfaction and negative feelings by user departments in IT. Once again, though, it should be noted that there is a disparity of comfort levels and needs between the two counties. Prince George's County appears to be comfortable and generally

supportive of CAS's efforts in IT, while Montgomery County questions an expanded role for CAS in IT management and service provision, highlighting the imperative for a "hybrid" solution that allows flexibility in how IT services are deployed and used.

A major weakness apparent to the Study Team is the lack of an Enterprise-wide Strategic Plan for CAS. Lacking such a plan, it is difficult to understand how individual departments, as well as vendors who do work for the Commission, are in a position to appreciate and support a long term vision for IT. Especially given the complex organizational nature of CAS, the absence of a Strategic Plan, and one that covers the entire enterprise, weakens the ability of CAS to provide reliable and strong foundations for automation and day-to-day service delivery.

## **PROCUREMENT**

The concerns articulated by departments regarding purchasing seem to center around the perceived lack of user-involvement in the process currently in use. This in turn manifests itself in specific concerns around areas such as:

- Lack of transparency evidenced by the dearth of postings of RFPs, contract progress, and other important procurement parameters both on the intranet and internet.
- Length of time it takes for routine procurements to move through, and seeming lack of incentives to complete procurements faster.
- Lack of consistent standardized processes and templates that can be invoked for repetitive purchasing actions.
- Balancing the use of bulk purchasing for items needed commission-wide, while concentrating CAS resources on unique and complex procurements of departments.
- MFD certification is self-administered and the program goals are not clearly stated, nor is progress towards them provided to decision makers.
- Service Level Agreements are directed more towards CAS timeframes, and user departments do not have input in their articulation and target establishment.

These concerns were raised by the departments interviewed by the Study team. CAS provided some responses regarding procurement practices. It was stated that "the purchasing procedures and policies will be revised based on decisions made as a result of a recent analysis of performance measures and research of best prices". They relate to threshold changes for non-competitive and informal bids, certain delegation of activities, and approvals. These recommendations appear to address some of the concerns raised by the departments, but it is hard to evaluate their impact until they have been written out and promulgated.

Another CAS foundation for purchasing procedure is the 195-page M-NCPPC Purchasing Manual. This manual appears to have been last updated in 2005, and is presumed to be available to all internal and external (vendor) stakeholders. A comparison of this manual to industry standards and best practices was outside the scope of this study.

While there is always tension between a centralized procurement authority such as CAS and the user departments, the challenge is to discern whether there are steps that could be taken to reduce

the feeling of unresponsiveness and ensure a more productive and efficient procurement process within M-NCPPC. Such steps will be discussed in the recommendations section, and would incorporate the notion of stratifying purchasing decisions and responsibilities in a way that permit departments leeway to move quickly on minor and repetitive purchases while invoking the experienced CAS resources on more challenging procurements, or areas where collective action can lead to better results.

### Training

The Departments expressed concerns regarding the allocation of training responsibilities between CAS and the departments, and it does not appear that there have been discussions between the departments and CAS to determine the appropriate allocation of responsibilities.

### Human Resources

During the interview process in Prince George's County it was stated that the classification system is outdated and that reclassifications have become more of the norm rather than the exception. The following is a breakdown of the reclassifications and series reviews (specification revisions) performed over the past 5 fiscal years:

DATE	ACTIVE CAREER EES*	RECLASSIFICATIONS	SPEC REVISIONS & AFFECTED EES		ALLOCATIONS
			SPECS	EES	
FY09	2235	69	7	160	11**
FY08	2147	62	7	6	1
FY07	2046	44	10	10	10
FY06	2005	46	5	26	26
FY05	2008	64	15	28	28

\*Number of active employees was calculated on July 1<sup>st</sup> of each fiscal year.

\*\*Number of employees allocated may be different from number of employees affected as allocations are not always required when specifications are revised.

Review of the data submitted by the Human Resources division revealed that reclassifications affect only 2-3% of the workforce annually. This appears reasonable; however classifications experts recommend that overall classification plans should be reviewed every 5 years.

The mix of department responses on this issue indicates a very high degree of satisfaction for some types of recruitment (particularly non-professional positions, such as park maintenance workers) with far less satisfaction for other types of recruitment, such as professional positions that have unique job requirements in the competitive Metro region. This appears to be the

perfect opportunity for differential services provision to satisfy the unique needs of all user departments.

## **H. RECOMMENDATIONS**

The following recommendations cover each of the major issues addressed in this report.

### **GOVERNANCE**

To strengthen governance within the Commission, the Planning Board should develop and implement written policies and procedures related to the decision-making process, including:

- Defining the roles and responsibilities of the seven department directors and clarifying the relationship between the Executive Director and the other six directors;
- Defining the structure of the Executive Committee (including who can participate, who can vote, how the agenda will be set, and how meeting actions will be documented; the user departments attend meetings of the Committee but are not members, and the Commission should consider whether they should be members);
- Ensuring that significant decisions of the Executive Committee are conveyed to the full Planning Boards and relevant staff;
- Establishing and maintaining a system of monitoring to ensure Commission-wide decisions are implemented (including a follow-up process and measures to ensure individual accountability);
- Establishing and maintaining a process of ensuring that stakeholder (i.e., user departments, the Commissioners, etc.) input is obtained prior to decisions that may impact the Commission and the community as a whole; and
- Establishing a protocol that maximizes communication between both of the Planning Boards and the County Councils, as it relates to pending state legislation. By establishing such a protocol, it is hoped that this will end or greatly diminish the prospect of confusing or conflicting legislative positions on proposed or pending legislation.

The Planning Boards should decide who will be responsible for determining that all Commission-wide administrative policies and procedures are followed and monitoring future compliance. The roles of CAS, the Executive Committee, and the Planning Boards in this task should be clarified.

### **PERFORMANCE MANAGEMENT**

- Performance Metrics should be established to create targets for performance and indicate how they will be evaluated. The performance metrics should reflect how CAS will meet its own internal objectives and meet the needs of the user departments.
- Service Level Agreements should be established that indicate the services to be provided by CAS for the departments (types of services as well as quantity and quality of services).

It may be appropriate to establish a small number of pilots in the coming year. (A sample SLA is attached at **Appendix 5.**)

- Once SLAs are developed, the Commission also needs to develop a process to monitor and evaluate their success. Incentives (and/or penalties) may be necessary to ensure the creation and adherence to SLAs.
- The Commission should examine further opportunities to embed CAS staff in the user departments, since this appears to be linked to increased satisfaction on the part of user departments.
- CAS management needs to create a new focus on customer service for user departments in its employees. Ongoing evaluations by user departments should be solicited and presented to the Planning Boards to determine if they are successful.

## **SERVICE DELIVERY**

The Study Team identified three major potential strategies to consider as a result of this CAS overview:

1. Keep the current model of CAS providing all services, but strengthen user department ability to improve service quality through Service Level Agreement system deployment and through stronger governance models.

2. Modify the current model by differentiating between “core” and “on-demand” (or non-core) services that are offered by CAS to departments. Under this model, each department would be obligated to accept the core services but free to determine the level of on-demand services it requires and whether to obtain the on-demand services from CAS or in another manner. The departments could obtain these services from one or more of the following sources:

- CAS
- Its own staff
- Staff from County departments able and willing to provide it
- Partnerships with other organizations
- Contract services with private providers

This model not only allows the two counties to select different levels of on-demand services to reflect its needs and priorities, but could also mean that departments with the counties could select different levels of on-demand services. (For example, the Montgomery County Department of Parks may prefer to have CAS provide recruitment services for the park maintenance workers they hire each year, while the Montgomery County Planning Department may prefer to do its own recruitment for specialized planning positions.) It also creates the incentive for CAS to tailor its services to user department needs so that it is the selected provider for on-demand services.

CAS charges to the departments would vary depending on the level of services each department selects. Such a model requires advance planning so that CAS would be able to budget and deploy resources in an equitable manner. In addition, the departments would not be able to significantly vary the level and types of services every year, since this would present staffing

continuity problems for CAS. CAS should consider how best to staff on-demand services and whether contractual staff may be a better alternative to permanent staff if the staff support needed will vary from year to year.

3. Have all CAS services (both core and non-core) provided independently for each County by an alternative provider of its choice (e.g., County Government). Under this scenario, CAS would only retain a small core of staff required by Article 28 (or the counties would seek an amendment to Article 28 to eliminate these requirements).

The Study Team does not recommend the third option and believes that the high level of satisfaction with many CAS services, combined with the logistical and legal issues involved in any option to have a majority of CAS functions provided by another entity, indicate that this option should not be pursued. Moreover, the Study Team was not able to conclude that transferring CAS functions to another entity would result in greater efficiencies or reduced costs. Instead, the Study Team recommends a combination of options one and two above to ensure the greatest quality of services and ability to better tailor the services to meet the departments' needs.

## **SERVICE DEFINITION**

As previously stated, the analysis framework for this study used a service definition model provided by CAS itself. CAS is organized into three departments (Human Resources and Management, Finance, and Legal) and they have identified 46 explicit functions performed by these departments (with each office being responsible for 15, 20, and 11 respectively). This service definition was accepted with no external validation of scrutiny, and user departments provided quality assessments for each.

Within these 46 functions, it is possible to define certain functions as "core" and necessary to be provided by a centralized service delivery agent (most likely CAS staff or contractors). Others, defined by the degree of uniqueness tying it to specific departmental mandates, could be defined as "non-core" or "on-demand" and assigned to the user departments to deploy using service models best suited to their work environments. Some departments could choose to have their non-core services provided entirely by CAS, while other may choose other providers.

The determination as to which services are non-core deserves additional attention. CAS is likely to consider all functions to be core functions, while the departments may want a greater number of services to be non-core than may be optimal and, therefore, the Planning Boards will play an important role in the final determination. To **begin** this analysis, the study team reviewed all CAS functions and has come up with a preliminary allocation to each type. Most of the functions identified below as being non-core will have at least some component that must be performed by CAS. For example, while departments may choose to do their own records management, CAS would still maintain certain records such as payroll records.

Service	Core	Non-core
<b>1. HUMAN RESOURCES AND MANAGEMENT</b>		
Classification and Compensation	X	
Training		X
Benefits Management	X	
Risk Management	X	
Employee Records Management	X	
Employee Labor Relations	X	
Recruitment		X
Corporate Communications	X	
Corporate Records Management		X
MDF/Fair Practices	X	
Budget		X
Management Analysis		X
Executive Management	X	
Employee Retirement System	X	
Non-Departmental	X	
<b>2. FINANCE DEPARTMENT</b>		
Debt Management	X	
Corporate Financial Management/Analysis	X	
Financial Systems Administration & Training	X	
Department Management & Administration	X	
Accounting	X	
Accounts Payable	X	
Payroll	X	
Fraud, Waste and Abuse Audits	X	
Bank Reconciliation	X	
Facility and Program Audits	X	
Risk Assessments	X	
Investment Management	X	
Revenue Processing and Bank Management	X	
Taxes and Other Analysis	X	
Applications		X
Network Security	X	
Computer Operations		X
Procurement of Goods and Services		X
Vendor Relations	X	
Records and Policy	X	
<b>3. LEGAL DEPARTMENT</b>		
Advice	X	
Support for Planning Board/Commission Hearings	X	
Civil Trial Litigation	X	
Judicial Review Litigation	X	
Administrative Litigation	X	
Appellate Litigation	X	

Legislative Advocacy	X	
Business Transactions	X	
Property Management Transactions	X	
Procurement Transactions	X	
Regulatory Transactions	X	

Note: The Legal Department should continue the core provision of services while the embedded model is in place

The Commission may want to initiate a pilot to determine how non-core services can be shifted to the user department or another entity the department designates. The pilot would enable the user department to establish an evaluation process to determine whether they prefer the services of CAS versus alternative providers and would establish a process for determining how CAS will reduce resources when a non-core function is shifted to another entity.

The distribution of services into core and on-demand services will necessitate a new approach to calculating the payment each County makes for CAS services. For on-demand services, each County will pay according to the level of services they require. Core services will be provided for the entire Commission, but the Study Team believes it is appropriate to reexamine how the costs for the core services are allocated. The Planning Boards and user departments need to understand the costs of each service, and CAS should develop an acceptable algorithm that distributes those costs to user departments and the Commission in a meaningful way, rather than continuing to assume an equal split for each County. In addition, work should be done to determine when CAS chargebacks to user departments are appropriate and to make those chargebacks transparent and understandable for the departments.

### **Audit**

To strengthen the internal audit function, the Planning Board should consider the following:

1. External peer reviews should be performed at least once every 3 years (as required by GAGAS); otherwise, the internal audit function should make reference to performing audits in accordance with some other audit standards, such as the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. The reviews should be presented to the Audit Committee and Planning Boards so that they can ensure that recommendations are implemented.
2. The external peer auditors should be asked to directly comment on how CAS can better minimize the perception of a lack of independence and whether the existing reporting structure serves this purpose. Options that should be considered are whether the internal audit manager should report directly to the Audit Committee or Planning Board Chairs regarding all audit-related matters, rather than reporting to the Secretary-Treasurer and/or the Executive Director. The external peer auditors should also be asked to consider whether the Secretary Treasurer should serve on the Audit Committee and whether it is appropriate for CAS to audit a department's role in the function that CAS also provides (such as IT).

3. It is critical for the Commission to strengthen the Audit Committee by providing the resources and expertise it needs to function properly. The Planning Board members that serve on that Committee are part-time Board members and devote a significant amount of time to other issues before the Planning Boards. The resources of the outside expert are critical if there is to be more than a cursory review of materials presented to the Audit Committee. This member should be appointed as soon as possible and the Planning Boards may want to consider whether to also appoint an auditing expert from each County Government to provide additional expertise. (The selection of the outside expert must be done in a manner that guarantees his or her independence.)
4. CAS should continue their practice of (1) preparing risk-based audit plans to determine audit priorities and (2) submitting the audit plans to the Audit Committee for approval. CAS should evaluate whether the audit plans are detailed enough to solicit meaningful input.
5. When preparing audit plans, the internal audit function should take into consideration audit requests made by the various departments within the Commission, and should request additional resources to perform more frequent audits, if necessary.
6. The Commission should evaluate who should receive each audit report and how it can better assure that there is appropriate follow-up for each audit. In particular, the Planning Boards should determine whether the Audit Committee, Chairs, and/or Planning Board should be briefed on each audit and provided information on a routine basis on the follow-up for each audit.

## IT

The Study Team believes that Commission IT applications should be up to date, reasonably priced, and meet the user department needs. In order to do this, greater flexibility for user departments to meet their individual needs should be provided. Enterprise-wide requirements can be accomplished in a way that takes advantage of Commission-wide economies of scale, while allowing departmental needs to be accommodated in the most direct and efficient manner.

In order to strengthen the provision and use of IT services within the Commission, the Planning Board should consider the following range of recommendations.

1. Direct that an Enterprise Technology Strategic plan be developed; such a plan should look at least 5 years in the future, incorporate the latest technology developments, and lay out a vision for the use of IT within the Commission. The term "Enterprise" should be interpreted to include both County needs and the needs of the departments and the central Commission functions in an integrated manner and, therefore, include all stakeholders in its development.
2. Establish clear roles and responsibilities for the Senior Management Technology Group and the Senior Technology Group or their successors. Included in the responsibilities

should be approval processes for deployment and interoperability standards, and that would promote a single, citizen-centric view of information.

3. Establish a Core Services cluster of services that are to be performed by CAS in a centralized manner for all users; an early definition of such services might include infrastructure, security, email, and web services under a strong Content Management System that allows each user department to contribute to contribute its own information through their staff actions.
4. There are two groups intended to provide input from users into the CAS IT function: the Senior Technology Group (STG) and the Senior Management Technology Group (SMTG). It appears to be the appropriate function to allow a mix of core and on-demand services, since the user departments have very different opinions regarding CAS's role in providing IT services. Use the various Steering groups to define each non-core service and define a mechanism through which the current CAS delivery model will transition to a non-core framework for those departments who opt into such a service arrangement. The provider of non-core services might be another governmental entity or a private service provider.
5. Along with the recommendations made by the Study Team, the Commission should consider the recommendations made in the separate studies performed by Clifton Gunderson and Public Technology Institute.

## **Procurement**

In order to move the procurement recommendations forward, it would be helpful to consider an implementation group made up of procurement experts as well as departmental stakeholders who understand what is to be procured and under what conditions. This group should be tasked with the responsibility to develop and robustly disseminate, both to CAS employees and user departments, a set of "Procurement Guiding Principles" within 3 months of their work. These Principles would be based on the existing Purchasing Manual, but would incorporate user input through a methodical process. Subsequent work should review and endorse the recommended policy changes to the procurement code, and organize its rapid deployment and use.

Guiding principles for M-NCPPC might include:

1. Well documented procedures, rules, and template
2. Use of SLAs to clarify expectations and timeframes
3. A system that permits CAS level of involvement based on the size and complexity of the procurement
4. Departments/CAS should be encouraged to achieve efficiencies through bulk purchases/riding other contracts, etc.

5. Timelines for procurement with incentives for CAS to meet deadlines.
6. The Commission should work with both Montgomery and Prince George's Counties to reexamine its MFD program and better define its justification, goals and mandate. It should further determine whether economic incentives and a more rigorous certification process are necessary to achieve these goals.

In addition, following the Legal Department's model of embedding staff may work well for procurement and should be explored.

### **Training**

CAS and departments should collaboratively identify which training should be provided by CAS and which should be provided at the department level, with final determinations to be made by the Planning Boards.

### **Human Resources**

1. CAS should work more closely with departments to develop appropriate job descriptions and identify the appropriate means and target audience for soliciting new employees (particularly for those jobs that require specialized skills).
2. By allowing this service to be provided on-demand, those departments content with CAS recruitment efforts can continue to use their services, while those departments not content can choose other options.
3. We recommend that CAS undertake an entire classification review every five years.

## I. Future Work Suggestions

The Planning Boards should determine which of the recommendations in the report they support, and assign a Commission Implementation Task Force to implement those recommendations. The results and actions of this Task Force should be reported to both Prince George's and Montgomery County Councils within 12 months of this report's release. This group should include both CAS and department staff. Upon formation, the Task Force should immediately develop a work plan with scheduled targets and deadlines. At a minimum, the Study Team recommends that the Commission establish its Task Force within one month after receipt of this report and revise the Executive Committee standard operating procedures within 3 months after the receipt of this Report. The Table below can be used as a starting point for the work items of the Task Force.

More in-depth analysis in specific areas may well be justified. The Study Team did not have the time nor the resources to explore the actual productivity of CAS services at a detailed level, and the high priority problem areas identified should be scoped for an additional analysis. Already, the IT function is being reviewed by the non-profit Public Technology Institute, and a report with recommendations as to a more productive provision of IT services should provide sharper insight. Similar analyses could be performed for other important functions where users have identified major concerns.

The establishment of a Service Level Agreement system under which CAS establishes explicit agreements with users as to the expected levels of service for each provided function is a complex, yet important, undertaking. An effort to develop SLAs for a small number of pilot services could be undertaken in the future and expanded to all services as experiences, outcomes, and resources permit.

Finally, an effort that could be helpful on a periodic basis is a management audit to be undertaken by an external, independent organization such as an accounting firm or a general management consulting firm. The results of such an audit should be distributed to all users, and would go a long way towards communicating the improvements made and challenges still in existence for the CAS organization.

	Action	Page reference	Time Frame
1	Establish a Commission Implementation Task Force for CAS Report recommendations and report results to Councils within 12 months	30	S
2	Clarify roles of Department Directors and Executive Director	14, 22	S
3	Clarify and implement Executive Committee procedures (departmental inclusion in Agenda setting and participation, development and posting of minutes,	9,14, 22	S

	decisions conveyed to Boards and staff)		
4	Develop, vet and launch policy of user involvement for all commission-wide policies and procedures	9, 22	S
5	Develop a system to monitor the implementation of Commission-wide decisions	22	
6	Strengthen coordination between Legal and two Counties through the development of a Protocol, with advance communication of positions before they are publicly taken	8,9,14,22	S
7	Create targets for CAS performance and performance metrics	15, 22-23	
8	Appoint the third, external member of the Audit Committee and ensure the Committee has the access to the necessary expertise and resources.	17, 27	S
9	Immediately arrange a peer review of the audit function and conduct peer reviews every three years.	18,26	S
10	Determine who should receive and be briefed on audit reports and how to ensure follow-up to audit recommendations.	27	S
11	Identify strategies to ensure independence of the audit function.	26	M
12	More clearly define the goals of the MFD program update and determine whether changes are needed	29	M
13	Improve communication of internal structures, incentives and work targets of CAS personnel to users	8	M
14	Conduct ongoing evaluations to solicit feedback from user departments of CAS practices and performance and present them to the Boards	8,23	M
15	Develop transparent and accurate costing algorithms that can serve as the foundation of improved charge back of on-demand and core services	9	M
16	Develop an IT service model which emphasizes user involvement in applications	9	M
17	Clarify IT procurement and Management responsibilities	9,10	M
18	Emphasize major procurement support through bulk purchasing	10, 28	M
19	Assess which services can be provided On-Demand	30,31	M
20	Plan, develop and launch a model of Core and On-Demand services through a pilot effort	16, 26	M
21	Ensure that Statements of Compliance be included in each audit	17	M
22	Continue to develop and submit annual audit plans for approval (and determine whether the contents of the plan can be improved).	17, 27	M
23	Develop an Enterprise Technology Strategic Plan	19, 27	M

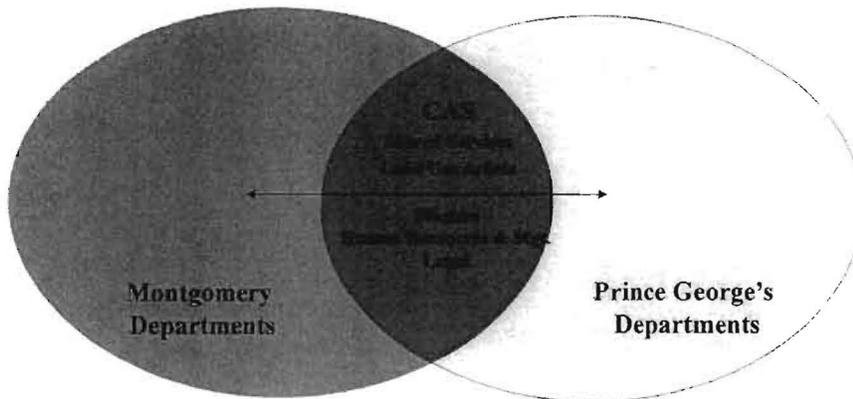
24	Continue to identify efficiencies in CAS operations	7	M
25	Increase use of automation in recruitment	11	M
26	Create Service Level Agreements between user departments and CAS to monitor and improve performance over time, and indicate how they will be evaluated (start with pilots)	15,22	L
27	Expand the use of embedded personnel in departments	23	L
28	Develop and implement transparent chargeback model	26	L
29	Clarify Roles and Responsibilities of two steering mechanisms for IT (SMTG and STG)	27,28	L
30	Establish a user group to develop and disseminate a set of procurement guiding principles (to address procedures, use of SLAs, bulk purchasing, timelines, etc.)	28	L
31	Reassess which training programs should be provided by CAS and which should be provided by departments.	29	L
32	Perform classification review on a five year cycle	29	L

Key:           S Short term – within the next 6 months  
                  M Medium term – within 18 months  
                  L Long Term – within 3 years

# **Status Update on M-NCPPC CAS Review**

*August 2016*

## **CAS Corporate Functions**



### **Shared (Bi-County) Services**

Corporate Governance, Corporate Financial Management, Fiduciary Responsibility, Regulatory Compliance, Financial Systems, Debt Management, Procurement, Internal Audit, Accounting, Payroll, Corporate Budget, Human Resources Management, Group Insurance, Liability Coverage, Legislative Oversight, Legal Defense, Procurement, Organizational Policy, Risk Management, Workplace Safety, and Merit System Administration.

## *Study Findings/Response to Joint Council Final CAS Study Report (April 2010)*

Joint Council undertook a study to examine whether a restructuring of bi-county operations was recommended.

- The outcome of the study did not recommend restructuring of CAS, but included recommendations for service delivery; however, the report also recognized that the current fiscal situation may impact implementation of some recommendations.
- Indicated new CAS management (Executive Director) had already addressed numerous issues initially identified during study.

[ 3 ]

## *Study Findings/Response*

### ***Study Team made 32 recommendations:***

- *Ten (10) Short term goals (6 months)*
- *Fifteen (15) Medium term goals (18 months)*
- *Seven (7) Long term goals (36 months)*

[ 4 ]

## *Study Recommendations*

### *CAS Management Team agreed with many report recommendations*

- A significant number of suggestions had been implemented prior to the study or during the study process.
- In October 2010, CAS presented a 6 month status report on implementation of recommendations. At that time, most short and medium term recommendations already had been implemented. A number of long term goals also were underway well ahead of schedule.
- Department Directors have received periodic briefings on the progress, with the last reviews in February and May 2016. Directors were asked for input on areas they wish to see additional effort/services. Director input on the open items has been incorporated. Directors support efforts that were identified by CAS in response to recommendations.

[ 5 ]

### *Highlights of Major Accomplishments:*

- **Governance** – Successfully cultivated a more inclusive environment. Prime example – Established IT Governance Model consisting of a CIO reporting to Chair, Vice Chair and Executive Director; an IT Council (CIO and Directors or Deputies); and departmental Chief Technology Officers’ team to deliver Enterprise-wide projects under CIO direction.
- **Internal Audit** – Increased Internal Audit Office independence with reporting structure to Chair, Vice Chair and Audit Committee as well as implemented risk-based annual work plan adopted by Audit Committee; completed peer reviews and adopted reporting requirements to leadership.
- **CAS Cost Allocation** – Improved county cost allocation through a formula driven allocation model based on labor distribution and/or cost drivers depending on service provided.

[ 6 ]

## *Highlights of Major Accomplishments :*

- **HR Recruitment and Classification** – Responded to departmental concerns through Classification and Compensation Survey resulting in recommendations to improve our HR policies. Adopted policies for retention incentives and salary equity adjustments. Implemented on-line recruiting system to streamline process and are undergoing a multi-year project to update classification specifics.
- **Procurement:** Streamlined procurement through regular acquisition planning meetings, increasing informal bid limit to \$30,000 and Field PO limit to \$10,000, joining various purchasing cooperatives, and expanding use of task order contracts. Adopted revised MFD and Anti-Discrimination policies.
- **Legal** – Improved coordination by participating in weekly status discussions with county legislative staff.

[ 7 ]

## ***10 Short Term Recommendations*** *(6 months)*

*Fully implemented all 10 recommendations*

[ 8 ]

	Recommendation	Status
1	Establish an implementation task force for CAS Report recommendations; Report results to Councils within 12 months	<u>Completed</u> <ul style="list-style-type: none"> <li>➤ Established task force of Department Heads.</li> <li>➤ Requested input from Department Heads and executive management on the identification of specific concerns, needed improvements and priorities.</li> </ul>
2	Clarify roles of Department Heads and Executive Director	<u>Completed</u> <ul style="list-style-type: none"> <li>➤ Commissioners clarified collaborative roles for agency operations. Implemented with appointment of Executive Director in 2010.</li> </ul>
3	Clarify and implement Executive Committee procedures	<u>Completed</u> <ul style="list-style-type: none"> <li>➤ Commission meeting packets/process redesigned for greater consistency, accuracy and clearer documentation of meeting decisions.</li> <li>➤ Department Heads attend Executive Committee and Commission meetings. Department Heads are included in setting of agendas.</li> <li>➤ Executive Committee minutes distributed in Commission packets.</li> </ul>

	Recommendation	Status
4	Develop, vet and launch policy of user involvement for all Commission-wide policies and procedures	<u>Completed</u> <ul style="list-style-type: none"> <li>➤ The review process for agency policies was already in existence to include extensive input by Departments/Executive Committee/Commission and as applicable, the Merit System Board/Unions.</li> <li>➤ Process re-communicated to management and employees and currently being used in the comprehensive review/revision of policies.</li> </ul>
5	Develop a system to monitor the implementation of Commission-wide decisions	<u>Completed - Ongoing Process</u> <ul style="list-style-type: none"> <li>➤ Commission decisions are documented in formal minutes which are posted online.</li> <li>➤ Actions are also documented via formal policy documents which outline specific responsibilities for implementation and administration.</li> <li>➤ Rolling agenda implemented to ensure tracking and follow up of decisions.</li> </ul>
6	Strengthen coordination between Legal Department and two counties (specifically limited to state legislation)	<u>Completed</u> <ul style="list-style-type: none"> <li>➤ Planning Board Chairs assumed role for discussions with county leadership.</li> <li>➤ Legal Department participates in weekly status discussions w/county legislative staff.</li> </ul>

	Recommendation	Status
7	Create targets for CAS performance and performance metrics	<p><u>Completed - Ongoing Process</u></p> <ul style="list-style-type: none"> <li>➤ Performance measures are documented annually during the budget process.</li> <li>➤ Performance reported to the Commission/Senior Management/public on critical, ongoing programs. (e.g., recruitment activities, timeliness of performance reviews, MFD statistics, etc.).</li> <li>➤ Regular meetings are also scheduled on critical service needs identified by individual departments. Progress is reported through regular meetings with individual operating departments (e.g., Human Resources teams meet with departments on a regular basis, etc.).</li> </ul>

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	Recommendation	Status
8	Appoint the third, external member of the Audit Committee.	<p><u>All Completed</u></p> <ul style="list-style-type: none"> <li>➤ Commission adopted formal policy and operational standards for audit committee and enhanced accountability.</li> <li>➤ Audit Committee includes external member.</li> <li>➤ Completed independent peer review through Association of Local Government Auditors. Audit function operating effectively.</li> <li>➤ Adopted revised Audit Committee policy including reporting requirements to leadership.</li> </ul>
9	Arrange a peer review of the audit and conduct reviews every 3 years.	
10	Determine who should be briefed and the required follow-up on audit recommendations.	

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## **15 Medium Term Recommendations**

*(To be Implemented in 18 months by October 2011)*

*All 15 Completed (some require continuous efforts)*

[ 13 ]

	Recommendation	Status
11	Identify strategies to ensure independence of the audit function	<p><u>Completed</u></p> <ul style="list-style-type: none"> <li>➤ New governance model put in place to ensure greater independence of Audit Committee, internal auditors, and external auditors. Internal Audit now reports to Commission chairs.</li> <li>➤ All audit reports submitted for review by Audit Committee which is comprised of Commissioners and an external appointee.</li> </ul>
12	More clearly define the goals of the MFD program, update and determine whether changes are needed.	<p><u>Completed – Continuous Process</u></p> <ul style="list-style-type: none"> <li>➤ Adopted new MFD and Anti-Discrimination policies in June 2010. Included extensive input from Directors and procurement users, industry standards/best practices.</li> <li>➤ MFD statistical analysis completed and shared quarterly with Commission. Analysis/ reports track utilization and determine recommendations for ongoing improvements.</li> <li>➤ Analysis of MFD Program is ongoing. Exploring potential for Commission to integrate with State program.</li> </ul>

[ 14 ]

	Recommendation	Status
13	Improve communication of internal structures, incentives and work targets of CAS personnel	<u>Both Completed – Continuous Process In Place</u> <ul style="list-style-type: none"> <li>➤ Restructured CAS operations in fall 2010 to address budget cuts and focus on core services.</li> <li>➤ Collaborative reviews implemented. Monthly sessions with Department Heads/Executive Committee/Commissioners. Additional input gathered through employee comment.</li> <li>➤ Redesigned internal procedures for greater access to adopted CAS communications/corporate directives via online database.</li> <li>➤ Significant effort placed on obtaining feedback from all operating departments on needed efficiencies and effectiveness, particularly so they can be incorporated into the ERP operating system.</li> </ul>
14	Conduct ongoing evaluations to solicit feedback from user departments of CAS practices and performance and present them to the Boards	

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	Recommendation	Status
15	Develop transparent/accurate costing for charge backs (on-demand/core services)	<u>Completed with Ongoing Process</u> <ul style="list-style-type: none"> <li>➤ Fully implemented new cost allocation model based on labor distribution and cost drivers (updated annually).</li> <li>➤ In February 2016, an updated chargeback analysis was initiated, by our Corporate Budget Manager, with Department Heads and Deputies. Results will be presented to Commissioners in fall 2016.</li> </ul>

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	Recommendation	Status
16	Develop an IT service model which emphasizes user involvement in applications	<u>Both Completed</u> > Completed independent analysis of IT service model in collaboration w/departments/sr. mgmt. > IT Governance Model adopted by Commission. Model includes Commission-wide senior level involvement.
17	Clarify IT procurement and Management responsibilities	

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	Recommendation	Status
18	Emphasize major procurement support through bulk purchasing	<u>Completed</u> > Implemented by purchasing team. Updated procurement standards to streamline bidding limits/process and allow greater use of inter-agency contracts.
19	Assess which services can be provided on-demand	<u>Both Completed</u> > Due to reduced funding and staffing, work programs have been redirected based on input from operating departments. Priorities established to meet regulatory and critical operational priorities. > Increased specific county funding for some positions to assist in maintaining needed service levels to mitigate CAS FY11 & FY12 budget reductions. Cost allocation model implemented.
20	Plan, develop/launch a model of core and on-demand services through a pilot effort	

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	Recommendation	Status
21	Ensure Statements of Compliance are included in each audit	<u>Completed</u>
22	Continue to develop and submit annual audit plans for approval (determine whether the contents of the plan can be improved)	<u>Completed</u> <ul style="list-style-type: none"> <li>➤ Annual Audit Plans are presented to the Audit Committee.</li> <li>➤ Peer review included assessment of audit process including annual plans.</li> </ul>
23	Develop an Enterprise Technology Strategic Plan	<u>Completed with Continuous Process in Place</u> <ul style="list-style-type: none"> <li>➤ Implemented new governance model with CIO position reporting to Executive Committee.</li> <li>➤ With departments/senior leadership, collectively established multi-year priorities.</li> <li>➤ The CIO, along with departmental Chief Technology Officers, is developing a formal IT Strategic Plan.</li> </ul>

	Recommendation	Status
24	Continue to identify efficiencies in CAS operations	<u>Completed with Continuous Review</u> <ul style="list-style-type: none"> <li>➤ Restructured operations resulted in merged functions/cross functional teams/realigned service delivery.</li> <li>➤ Monthly meetings with Department Heads and Deputies provide regular opportunity to prioritize service issues/concerns that need to be addressed.</li> </ul>
25	Increase use of automation in recruitment	<u>Completed</u> <ul style="list-style-type: none"> <li>➤ Implemented integrated and online recruitment and selection model which can be accessed by hiring managers (NEOGOV).</li> </ul>

## **7 Long Term Recommendations** (36 months - April 2013)

6 Completed/ Some with Implementation of Alternate Approach)  
1 Substantially Completed/With Reevaluation Due to ERP  
Modifications

[ 21 ]

	Recommendation	Status
26	<p>Create Service Level Agreements (SLAs) between user departments and CAS to monitor and improve performance over time, and indicate how they will be evaluated (start with pilots)</p>	<p><u>Completed-- Alternate Approach Implemented</u></p> <ul style="list-style-type: none"> <li>➤ Department Directors were asked to review the use of SLAs. Departments indicated a preference for an alternate approach.</li> <li>➤ Department Directors recommended the use of regular meetings to enable more hands-on interaction and review of progress on identified priorities/initiatives.</li> </ul>

[ 22 ]

(43)

	Recommendation	Status
27	Expand the use of embedded personnel in Departments	<u>Alternate Approach Implemented/Continuing to be Explored</u> <ul style="list-style-type: none"> <li>➤ Based on departmental input, we implemented enhanced communication with departments through regular meetings with operating departments on critical areas (HR and procurement).</li> <li>➤ Department Directors will be revisiting this recommendation and exploring additional alternatives.</li> </ul>
28	Develop and implement transparent chargeback model	<u>Completed</u> <ul style="list-style-type: none"> <li>➤ Chargeback model was reviewed and adopted by the Commission for the FY11 budget.</li> <li>➤ Presently reevaluating chargeback methodology. Review began February 2016, and includes work sessions with Department Heads with presentation to Commission scheduled fall of 2016.</li> </ul>

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	Recommendation	Status
29	Clarify roles/responsibilities of 2 steering mechanisms for IT (SMTG and STG)	<u>Completed</u> <ul style="list-style-type: none"> <li>➤ New IT governance model implemented with IT Council and departmental Chief Technology Officers. Roles and responsibilities were developed and adopted by Commission.</li> </ul>
30	Establish a user group to develop and disseminate a set of procurement guiding principles	<u>Substantially Completed With Reevaluation Due to ERP modifications</u> <ul style="list-style-type: none"> <li>➤ Modified procurement model to expand role of departmental representatives in procurement transactions.</li> <li>➤ Draft of procurement procedures completed. However, Finance is re-examining the draft of the Procurement Manual (referenced above). Additional guidance must be incorporated due to redesign of ERP. Finance Department will issue updated Procedures once ERP modifications are complete.</li> </ul>

24

	Recommendation	Status
31	Reassess which training programs should be provided by CAS and/or the departments	<p><u>Completed (Implementation In Process)</u></p> <ul style="list-style-type: none"> <li>➤ Budget reductions resulted in elimination of DHRM organizational development office and centralized training efforts. Operating departments communicated that inconsistent or non-existing training platforms have resulted in their departments.</li> <li>➤ Operating Department Heads recommended that: <ul style="list-style-type: none"> <li>▪ CAS develop a central platform for agency wide training requiring subject matter experts for core areas such as legal issues, financial systems, employment, organizational policy/regulatory compliance, and workplace safety, delivered by CAS.</li> <li>▪ Operating departments will focus on training which involves specialized and position-based skills (e.g., planners, recreation program administrators, etc.).</li> </ul> </li> </ul>

	Recommendation	Status
32	Perform Classification review on a 5 year cycle	<p><u>Completed</u></p> <ul style="list-style-type: none"> <li>➤ Current standard establishes 5-year cycle.</li> <li>➤ Comprehensive multi-stage review of all position classifications is underway/ongoing with input from Department Heads and operating department managers.</li> </ul>