

Evaluation Report

Office of Inspector General

Office of Management and Budget
Montgomery Measures Up!
Fiscal Year 2005 Performance Measure Results

April 2006



Office of Inspector General
Montgomery County, Maryland

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- Please address specific inquiries about this report to Thomas J. Dagley, Inspector General, in writing or by calling 240-777-8240.



May 1, 2006

George Leventhal, President, County Council
Douglas M. Duncan, County Executive

Gentlemen:

We conducted an evaluation to determine the reliability of selected County program measures and their fiscal year 2005 actual results approved for publication by the Office of Management and Budget (OMB) as part of the County's *Montgomery Measures Up!* (MMU) initiative. We conducted this evaluation as part of our four-year work plan published in August 2005.

Recognizing that increased use of program performance measures is part of the County's long-term effort to help management focus on results and efficiencies, our evaluation was designed to help leaders improve MMU as a planning and decision-making tool. We selected a total of seven outcome measures from six County department/offices for testing on a non-statistical basis. At the completion of our analysis, we categorized each measure as either Certified, Certified with Qualification, Factors Prevent Certification, or Inaccurate. These designations, which are further described on page 2 of the attached report, have been used in recent years to independently evaluate performance results in county, state, and federal government organizations.

Although our conclusions raise concerns as to the reliability of certain program performance information (one measure was categorized as Certified with Qualification and six were categorized as Factors Prevent Certification), we found the managers and program staff we worked with believe MMU is a valuable tool and are committed to improving the reliability of MMU submissions to OMB. This commitment is perhaps best illustrated by changes made by department management during the review to four of the seven measures we evaluated. The changes are reflected in the County Executive's Recommended FY07 Operating Budget and Public Services Program (Volume 2) released by OMB on March 17, 2006.

We found the primary cause for the conditions identified involved inadequate quality control processes. We believe that these conditions can be addressed by OMB providing all participating departments/offices with written guidance in annual budget instructions to assist them in establishing adequate controls and by OMB conducting periodic reviews to ensure: data used to calculate results is accurate and complete; reported results are consistent with measure descriptions; and documentation is generated and retained to support published results.

We wish to acknowledge the cooperation extended to us by OMB management as well as the department directors and staff whose measures were reviewed.

Respectfully submitted,

Thomas J. Dagley
Inspector General

Background Information

Fiscal year 2006 is the seventh year of the Montgomery County Government's *Montgomery Measures Up! (MMU)* initiative with its focus on reporting the performance of County programs. *MMU* is a comprehensive long-term effort to clearly define what leaders are seeking to achieve for the community and to measure related progress. It is a tool designed to enable County leaders and the community to assess the cost and effectiveness of results achieved and help allocate resources, manage programs, and report achievements.

For the past seven years, department and office leaders have submitted on a voluntary basis mission statements, program measures (including outcome, service quality, efficiency, output, and input measures), and actual results to the Office of Management and Budget (OMB) as part of *MMU* and the annual operating budget cycle. This program performance information, including actual results for prior years and performance targets for the upcoming fiscal year, is formally published by OMB. *MMU* information is made available to executive management and the Council for budget deliberations to help determine spending priorities.

Although *MMU* participation by departments/offices has been voluntary, the vast majority of County programs are represented. In March 2005, approximately 3,400 program measures and results were developed for more than 260 programs. This *MMU* information was formally published by OMB as part of the County Executive's Recommended FY 06 Operating Budget and Public Services Program (Volume 2). Similar *MMU* information for the fiscal year 2007 budget process was released by OMB on March 17, 2006, and published the following month. At the time of our review, fiscal year 2005 results (for the period ending June 30, 2005) were the most recent performance data available.

Scope, Objectives, and Methodology

Scope

Under the authority of Montgomery County Code §2-151, we conducted an evaluation of selected fiscal year 2005 performance measures and actual results reported by County departments/offices to OMB. This type of evaluation was included in the Office of Inspector General (OIG) four-year work plan issued in August 2005.

Although the OIG made the final selection of measures to be reviewed from all *MMU* information approved by OMB in December 2005 for publication, we solicited and received input from management and Council staff on measures to be considered. A total of seven outcome measures and their reported results were selected from six County departments/offices for review on a non-statistical basis.

Objectives

The objectives of our review were: (1) to determine whether the fiscal year 2005 results for selected performance measures were accurately reported; and (2) to determine whether

adequate controls were in place over the collection and reporting of the data related to the measures' results. While we recognized that other factors also contribute to the development of effective performance measurement systems, our objectives focused on data reliability to ensure any areas needing improvement in this key area were addressed. This review did not include an assessment of whether the measures selected were consistent with the goals and objectives of the related programs or meaningful indicators of program performance.

Methodology

To accomplish our objectives, we met with the Director and staff of OMB to confirm that the performance measures and fiscal year 2005 results selected for review were approved for publication in fiscal year 2006 and 2007 *MMU* documents. In addition, we met with department/office directors or their designee whose measures were selected. We reviewed available supporting documentation as appropriate for each measure and the calculations used to generate the reported results. Our methodology included an evaluation of management controls with regard to support documentation, calculations, or the reporting of program results to OMB.

We used a system to categorize the results of our review of performance measures. The four categories, which are defined below, represent the degree (level of certification) to which the fiscal year 2005 results were accurately reported.

Categories of Performance Certification

Category	Definition
Certified	Reported performance was accurate.
Certified with Qualification	Reported performance was reasonably accurate but either minor deficiencies were noted with the supporting documentation, or controls were not sufficient, or the methodology used to calculate reported performance was not consistent with the measure definition.
Factors Prevent Certification	Actual performance could not be verified as documentation was unavailable and/or controls were not adequate to ensure the accuracy of the reported results, or reported results were not presented in a manner consistent with the performance measure description.
Inaccurate	Reported performance differed significantly from actual performance.

Our methodology, including the above levels of certification, has been used in recent years by audit offices at county, state, and federal government levels to evaluate initiatives similar to the County's performance measurement initiative, including those in the states of

Maryland and Texas. Our methodology complies with principles and standards issued by the Association of Inspectors General in May 2004.

Our field work was conducted during the period from December 2005 to March 2006. Our preliminary conclusion for each measure was discussed with the appropriate department/office director or designee prior to discussing our overall conclusions with the Director of OMB.

Conclusions

We found that although the managers and staff we worked with during the review believe *Montgomery Measures Up!* is a positive force for better management of County Government programs, and the initiative is a valuable planning and budgeting tool, assurance was lacking that all program results were reliable. We concluded that for the seven measures tested, one was categorized as Certified with Qualification and six were categorized as Factors Prevent Certification (see the Exhibit). We identified one primary factor that led to these conclusions – quality control processes were either not in place or were not functioning as intended. This allowed unreliable data or improper procedures to be used in the calculation of reported results for some measures. In addition, reported results were not always presented in a manner consistent with the performance measure as described in *MMU* documents, or documentation was not always prepared and retained to support published results.

We noted that OMB's *Montgomery Measures Up!* instructions in the fiscal year 2006 and 2007 Budget Preparation Manuals, dated September 2004 and September 2005, respectively, did not require departments/offices to have quality control processes in place to ensure the reliability of program measure results reported to OMB. As a result, unless additional guidance is provided to departments/offices and OMB conducts selected reviews of the underlying support documentation, there may continue to be a lack of assurance that *MMU* submissions ultimately published by OMB are reliable.

Recommendations

We recommend that OMB provide formal written guidance to assist departments/offices in establishing control processes to help ensure the reliability of program measures and results information.

We also recommend that OMB establish internal procedures to selectively review documentation retained by departments/offices in support of reported results.

Management Response

The Chief Administrative Officer's response dated April 24, 2006 to our Conclusions and Recommendations is attached as an Appendix.

Certification Level for Selected Fiscal Year 2005 Actual Results				
Program Name and Department/Office Reference¹	Outcome Performance Measure	Reported Results	Level of Certification	Comments/Causes
Occupational Safety and Health, Department of Finance	Number of cases resulting in lost time from work	367	Factors Prevent Certification	Although the reported results for both measures are presented as “County Government only; does not include outside agency participants”, the information presented did not disclose that the results excluded career Fire and Rescue Service employees. We found that although published <i>MMU</i> program information specifically mentions public safety employees to explain an increased severity of claims and rising costs, it is not clear why career FRS employees are excluded from program results. Documentation provided to us indicates the number of cases increases to approximately 602 and the cost increases to approximately \$2.27 when career FRS results are included.
	Worker’s Compensation cost per \$100 of payroll (\$)	\$1.50	Factors Prevent Certification	
Affiliated Recreational Services, Department of Recreation	Revenue collected through RecWeb registration (\$000)	\$2,361	Factors Prevent Certification	Quality control processes were not sufficient to ensure consistency between the measure’s description and reported results. We found registration fees totaling \$245,524 that were refunded or credited due to cancellations during the fiscal year should have been deducted from the reported results.
Communicable Disease, Epidemiology, and Lab Services; Community Health Nursing, Public Health Services, Department of HHS	Percentage of infants, children, and adults receiving appropriate immunizations	100	Factors Prevent Certification	Quality control processes were not sufficient to ensure the calculation of reported results was accurate and documented. We found that central office staff did not receive all documentation from individual field units necessary to properly calculate the reported results.
Consumer Protection, Department of Housing and Community Affairs	Total monetary restitution to consumers (\$000)	\$1,708	Factors Prevent Certification	Quality control processes were not sufficient to ensure consistency between the measure’s description and methods used to calculate and document reported results. For example, it was not disclosed that the results included estimated dollar amounts for refunds, services performed, or other negotiated relief. We also found that the Department’s September 1991 internal procedures used to document monetary amounts in closed cases were not sufficient for <i>MMU</i> purposes.

¹ Reference cited is the program name, performance measure, and reported results approved for publication by the Office of Management and Budget in December 2005. Prior to publishing the reported results for the first time on 3/2/06, the result for the FRS Wellness, Safety, and Training program measure was changed by OMB from 540 to 482 after a reporting error was detected by FRS and the OIG during our review. In addition, as a result of the findings summarized here, changes were made by department management to the manner in which the measure and results were presented for 3 of the other 6 measures prior to OMB’s release of the County Executive’s Recommended FY07 Operating Budget and Public Services Program (Volume 2) on 3/17/06.

Certification Level for Selected Fiscal Year 2005 Actual Results				
Program Name and Department/Office Reference¹	Outcome Performance Measure	Reported Results	Level of Certification	Comments/Causes
Ride On, Transit Services, Department of Public Works and Transportation	Accidents per 100,000 miles	4.02	Certified with Qualification	Although we verified the accuracy of the reported results, we found that monthly accident and mileage totals used in the calculation were not always properly documented.
Wellness, Safety, and Training, Fire and Rescue Service	Total number of fire fighter injuries (lost time plus medical only)	540	Factors Prevent Certification	Quality control processes were not sufficient to ensure a reliable method of calculating, documenting, and reporting the measure's results. For example, as stated in the footnote on page 1, a reporting error involving the results submitted to OMB was detected in January 2006 by FRS managers and the OIG.

APPENDIX



OFFICES OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Douglas M. Duncan
County Executive

Bruce Romer
Chief Administrative Officer

MEMORANDUM

April 24, 2006

TO: Thomas J. Dagley, Inspector General

FROM: Bruce Romer, Chief Administrative Officer 

SUBJECT: Draft Evaluation Report – Review of Selected FY2005 Actual Performance Measure Results

Thank you for the opportunity to respond to your review of certain County Government FY05 Performance Measure results. We appreciate the positive, collaborative approach you employed in conducting your review and the thoroughness of your analysis. We believe your work will result in improving the County's performance measurement efforts.

Although we do not concur in all cases with your findings on the "level of certification," we do accept your recommendation that written guidance should be provided to departments by the Office of Management and Budget (OMB) to establish quality control processes to help ensure the reliability of performance measurement information and results.. Additionally, as part of its annual review of the measures (see below), OMB will place additional emphasis on reviewing the underlying documentation used in calculating selected program measures.

As we have discussed with you previously, we are still developing our performance measurement capabilities and encouraging departments to (voluntarily) participate by developing measures to assess their effectiveness. We have always emphasized to departments the importance of data integrity in selecting and preparing their performance measures. From the beginning, our training has stressed that "departments need to be able to testify to the accuracy of their data and the nature and quality of their data collection procedures." Your recommendations – and the increasing use and importance of the measurement results – complement and reinforce our ongoing efforts to strengthen, formalize, and improve the quality control procedures needed to ensure the integrity of the program measures.

It should be pointed out that every September, OMB conducts extensive internal reviews of all of the program measures displays to identify issues such as unexplained



Thomas J. Dagley
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data anomalies, inconsistencies in the reported results, potential data integrity questions, programs that exhibit multi-year declines and other issues that should be followed up, measures that need to be refined or replaced, and important programs that still need to be measured. OMB's budget analysts are responsible for following up on these issues with the departments, and their efforts have resulted in numerous corrections, changes, clarifications, and new program measures displays. However, it is only possible (given OMB's current staffing) to focus and follow up on a few of the approximately 3,400 program measures published in *Montgomery Measures Up!* – usually the most egregious problems.

Improvements to the program measures therefore proceed at a steady but measured pace, one best characterized as *evolutionary*. The Inspector General's recommendations are welcomed and will be incorporated, to the extent that our resources allow, into this effort. (Note also that because of the impending change in administration, we need to avoid committing to changes that require large amounts of resources – a situation that could jeopardize the future of the measurement effort.)

We appreciate the Inspector General's assistance in reviewing selected program measures and agree that we should work together to continue to strengthen the Montgomery Measures Up initiative.

copies:

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