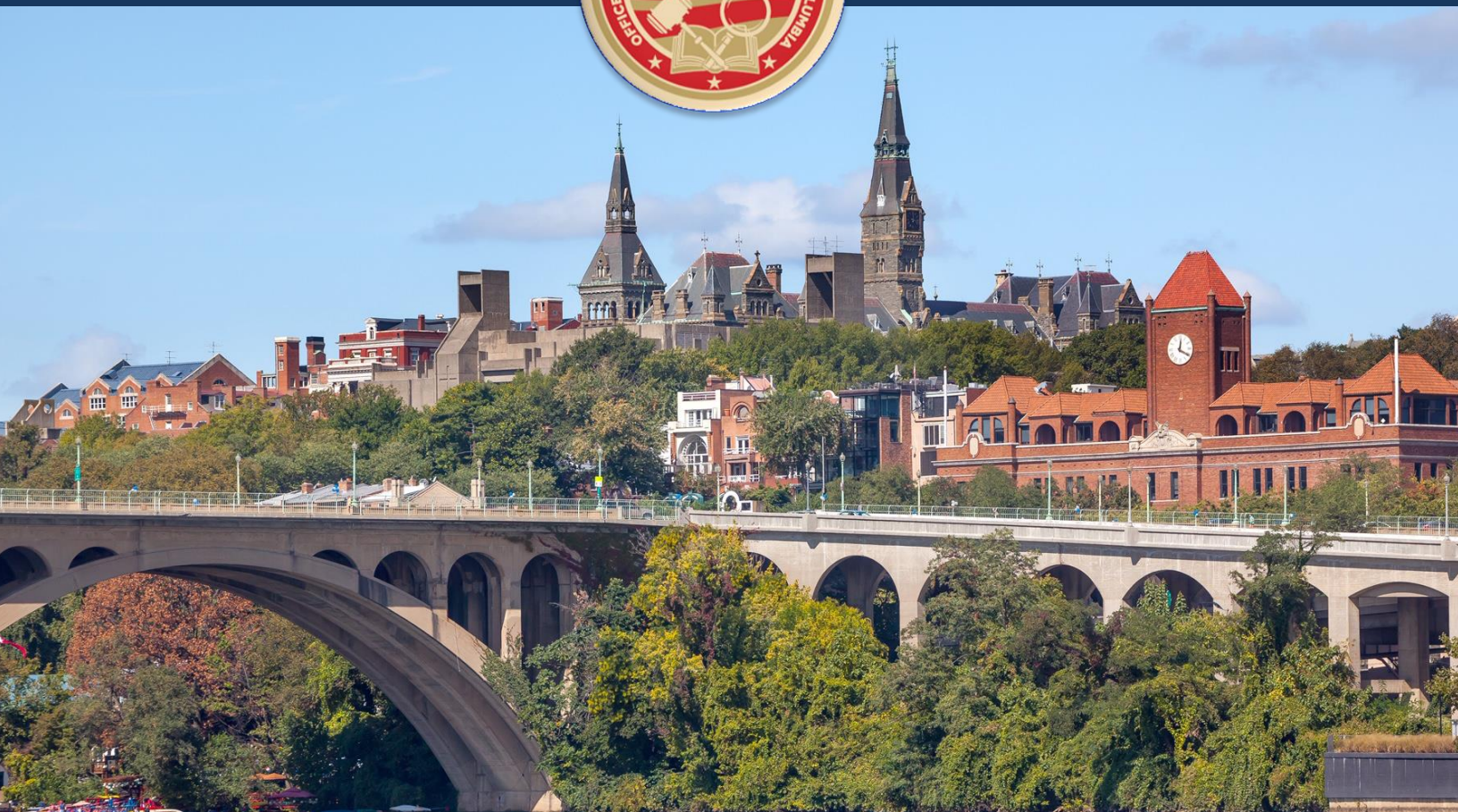


DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 19-1-29CR

December 2019



PROSPECTIVE EVALUATION OF BILL 23-0091

The Department of Buildings Act of 2019

Guiding Principles

*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation
* Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration
* Diversity * Measurement * Continuous Improvement*

Mission

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

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Our vision is to be a world-class Office of the Inspector General that is customer-focused, and sets the standard for oversight excellence!

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Excellence * Integrity * Respect * Creativity * Ownership
* Transparency * Empowerment * Courage * Passion
* Leadership



GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



December 6, 2019

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Chairman Mendelson:

Per your request, enclosed are the results of the *Evaluation of Bill 23-0091* (Bill) (OIG Project No. 19-1-29CR). Specifically, on May 31, 2019, you requested my Office's assistance to: "(1) [c]onduct a prospective evaluation of Bill 23-91 to determine what improvements, if any, should be made to the legislation; and (2) [s]ystematically analyze the business process of [the Department of Consumer and Regulatory Affairs] DCRA as they currently exist to recommend where the agency and the Council can improve the agency's performance."

In response to your first request, my Office contracted with Federal Management Systems, Inc. (FMS) to conduct a prospective analysis of the Bill using the Government Accountability Office's (GAO) *Prospective Evaluation Methods: The Prospective Evaluation Synthesis (PES)*. FMS' objectives were to: (1) determine how likely is it that Bill 23-0091 will achieve its stated objectives; and (2) identify what changes DCRA could make that might increase the Bill's likelihood of achieving its intended results before the proposed legislation is put into effect.


On December 5, 2019, FMS provided my Office with the enclosed report, in which FMS concluded "[t]he absence of . . . two critical data points (key assumptions underlying the Bill and operational analysis of DCRA's performance metrics) significantly constrained [its] ability to test key assumptions and present results as planned. Therefore, [FMS] could not provide meaningful insight that would inform decision makers on the likelihood Bill 23-0091 will achieve intended results."

My Office requested FMS modify its methodology to identify and assess processes and procedures that would assist the Council in determining the impacts and outcomes of the Bill. As a result, through a conceptual analysis of background research and public testimony, FMS identified seven analyses, which can be used separately or in a future PES evaluation, to help evaluate DCRA's performance and determine the likelihood Bill 23-0091 will achieve its intended objectives.

In response to your second request, the OIG also contracted with FMS to conduct a separate, concurrent evaluation of DCRA's internal control environment. This evaluation's objectives were to: (1) assess DCRA's internal control environment; and (2) identify areas at risk of loss through errors, theft, or noncompliance with District law and regulations. On December 3, 2019, we provided FMS' report to DCRA to respond to the report's 14 findings and 17 recommendations. Once DCRA's responses are received, we will make this report publically available via our website.

If you have any questions about the enclosed report, please contact me or Fekede Gindaba, Deputy Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,


Daniel W. Lucas
Inspector General

DWL/mnw

Enclosure

cc: See Distribution List

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December 5, 2019

Daniel W. Lucas
Inspector General
District of Columbia Office of the
Inspector General
717 14th Street, N.W.
Washington, D.C. 20005

Dear Inspector General Lucas:

Federal Management Systems, Inc. (FMS) contracted with the Office of the Inspector General (OIG) to conduct a prospective evaluation of Bill 23-0091 (Bill). The Bill is designed to establish the District Department of Buildings and reassign responsibilities from the District of Columbia Department of Consumer and Regulatory Affairs (DCRA). DCRA's remaining portfolio of responsibilities would be rebranded as the Department of Licensing and Consumer Protection.

The objectives of this evaluation were to: (1) determine how likely is it that Bill 23-0091 will achieve its stated objectives; and (2) identify what changes DCRA could make that might increase the likelihood of achieving the Bill's intended results before the legislation is put into effect. The OIG required FMS to use the Government Accountability Office's (GAO) *Prospective Evaluation Methods: The Prospective Evaluation Synthesis* (PES) as a guide to evaluate the proposed Bill. PES is "a systematic method for meeting congressional requests for analyzing proposed legislation and helping identify top priority problems." Pursuant to PES methodology, FMS planned to perform six required steps in sequential order: (1) defining the problem; (2) selecting alternatives to evaluate; (3) conceptual analysis; (4) operational analysis; (5) testing key assumptions; and (6) presenting results.¹

During the performance of the contract, FMS attempted to obtain the explicitly stated objectives of the Bill to identify and define the problem (PES step 1) but learned that the Bill was silent in this regard.² In the absence of explicitly defined objectives for the Bill, FMS identified nine implied objectives of the Bill based on our conceptual analysis of background research and public testimony (PES step 3).³ A conceptual analysis is the "identification of the assumptions, beliefs, values, and theory underlying the proposal; why, in principle, it is likely to work or not work."⁴

¹ U.S. GOV'T ACCOUNTABILITY OFF., GAO/PEMD-10.1.10, PROSPECTIVE EVALUATION METHODS 29 (1990).
<https://www.gao.gov/assets/80/76066.pdf>.

² Note that as it applies to explicit objectives, the PES methodology requires a defined target for the proposal; specifically "being as clear as possible on the size and nature of the problem the proposal is intended to solve."

³ Note that we skipped step 2 as no problem was identified and defined.

⁴ *Id.* at 9.

The nine implied objectives FMS identified are:

1. Fix inefficient and unresponsive operations;
2. Establish clear accountability in permitting and licensing areas;
3. Improve financial management in the area of imposing and collecting fines;
4. Design the leadership structure to clarify lines of authority;
5. Establish Standard Operating Procedures and guidelines for performance, training, tracking, and problem resolution;
6. Establish acceptable customer experiences;
7. Update tools and technology for performing duties;
8. Improve processes for housing code enforcement; and
9. Address perceived inequities in services to protect the interests of D.C. residents and visitors.

Subsequent to FMS identifying the implied objectives and problems, we sought to select alternatives to evaluate key assumptions of how to address the implied objectives (PES step 2). We learned the Bill's implied objectives were not based on identifiable and documented key assumptions. The PES framework relies on evaluating the key assumptions related to the issues the Bill seeks to resolve. Finally, we attempted to obtain an operational analysis of DCRA's performance metrics to validate the implied objectives of the Bill (PES step 4), but learned the Bill was not supported by documented operational analysis of DCRA's performance metrics. The absence of these two critical data points (key assumptions and operational analysis) limited our ability to test key assumptions underlying the Bill (PES step 5); and present results (PES step 6) as planned. Therefore, we could not provide meaningful insight that would inform decision makers on the likelihood Bill 23-0091 would achieve intended results.

Given these limitations, we adjusted our methodology to help identify analyses, which, if conducted separately or used in future PES evaluations, would assist in evaluating the likelihood the Bill would achieve intended results. We identified seven analyses to be conducted and assumptions to be identified in order to fully evaluate DCRA's performance, design appropriate corrective steps to address identified challenges, and determine the likelihood that the Bill would achieve its intended objectives. The seven analyses are as follows:

1. **Business process analysis** – to identify potential process improvements and prioritize the elimination of inefficiencies. A business process analysis would examine how DCRA operates by using performance aspects such as time, cost, capacity, and the quality of processes to gauge whether DCRA is operating in an efficient and effective manner.
2. **Human capital assessment** – to identify skills and personnel gaps.
3. **Information technology assessment** – to identify resources and tools necessary to enable operations.
4. **Comparison to other jurisdictions** – to identify performance gaps and establish acceptable performance targets.
5. **Trend analyses of operational effectiveness** – to identify prior years' performance targets and outcomes. Prior years' performance measures are necessary to establish baseline metrics and to justify the Bill's proposed changes will result in improvements to DCRA operations.

6. **Analysis of stakeholders' feedback** – to ensure protections of residents and visitors' interests. An analysis of stakeholders' feedback would provide a mechanism by which DCRA could gauge whether it provides timely and consistent services across its business processes.
7. **Analysis of fiscal impact with underlying assumptions** – to ensure sufficient funding to implement the law. A fiscal impact analysis would determine whether the plan for DCRA is cost effective and in the best interests of the District.

FMS also identified 14 areas where DCRA could make changes and we made 17 recommendations to help DCRA implement the changes. On December 3, 2019, we provided DCRA with a copy of our draft report entitled, *Department of Consumer and Regulatory Affairs' (DCRA): Evaluation of the Internal Control Environment as of August 31, 2019*. Your office has requested that DCRA provide a response to our findings and proposed recommendations by December 6, 2019.

Further, analysis of any improvement that DCRA has implemented since public hearings in 2018 would also help inform next steps. During the public hearing, the City Administrator discussed several initiatives that DCRA had already implemented to address community concerns with inspection and enforcement. Evaluation of the results of those initiatives, along with conducting the process, HR, IT, and other assessments detailed in this report, would go a long way in determining the likelihood Bill 23-0091 will benefit the District.

In conclusion, to identify the underlying reasons why it is necessary to create the Department of Buildings and the Department of Licensing and Consumer Protection, the Council should validate the problems noted during public hearings (as summarized by the nine implied objectives) by conducting the seven analyses of the performance data available at DCRA. Validating the problems would ensure the Council has critical information and data to inform their decision about whether to enact Bill 23-0091.

We appreciate the cooperation and courtesies extended to our staff during this engagement. If you have any questions concerning this report, please contact me at (202) 256-4172.

Sincerely,



Aubrey A. Stephenson
President