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United States General Accounting Office
Washington, DC 20548

July 7, 2004

Congressional Committee and Subcommittees

This is the fifth consecutive year that we have reviewed the District of Columbia's performance accountability report as mandated by the Federal Payment Reauthorization Act of 1994. The act requires the Mayor of the District of Columbia to submit to the Congress a performance accountability plan containing a statement of measurable and objective performance goals for the coming fiscal year for all significant activities of the District government. After the end of the fiscal year, the District is to submit a performance accountability report on the extent to which the District achieved these goals. This requirement for the District government is similar to the requirements for executive branch federal agencies under the Government Performance and Results Act of 1993 (GPRA).

GAO's report focuses on the continued progress the District has made in performance reporting. Specifically, the objectives of this report were to (1) examine the extent to which the performance accountability report is in compliance with statutory requirements, and (2) summarize some of the District's other significant performance management initiatives and identify additional opportunities for improvement.

To meet our objectives, we reviewed and analyzed the information presented in the District's *Fiscal Year 2003 Performance Accountability Report* and related budget and planning documents, and interviewed the District official primarily responsible for strategic planning and performance management. More specifically,

(1) To examine the extent to which the District's performance accountability report is in compliance with the statutory requirements, we analyzed the information contained in the District's report in conjunction with the requirements contained in the Federal Payment Reauthorization Act of 1994.

(2) To summarize some of the District's performance management initiatives we reviewed prior years' performance accountability reports and budget documents[1] and other relevant planning documents, such as the District's citywide strategic plan and the Strategic Business Planning Resource Guide.

[1] Government of the District of Columbia, *Fiscal Year 2003 Proposed Budget and Financial Plan*, (Washington, D.C.: March, 2002.)

We also reviewed recommendations from our reports on previous years' performance accountability reports.

We conducted our work from March through July 2003 in accordance with generally accepted government auditing standards. In accordance with requirements contained in the act, we consulted with a representative of the Director of the Office of Management and Budget concerning our review.

We provided a draft of this report to the mayor of the District of Columbia for review and comment. The District of Columbia provided technical comments that were incorporated into the report.

Results in Brief

The District of Columbia's *Fiscal Year 2003 Performance Accountability Report* generally complied with the statutory reporting requirements and provided a comprehensive review of the District's performance. In general, the act required the District to provide performance goals for all significant activities of the District government in its proposed budget and financial plan. Then, at the end of the fiscal year, the District is required to report on its actual performance for each goal. First, the District provided a statement of the actual level of performance achieved compared to each of the goals stated in the performance accountability plan for the year for almost all significant activities. Second, the District provided the title of the management employee most directly responsible for the achievement of each goal and the title of the employee's immediate supervisor or superior for almost all significant activities. Finally, the District provided a statement of the status of significant court orders applicable to the government of the District of Columbia during the year and the steps it took to comply with such orders.

In summarizing some of the District's performance management initiatives, we found that the 2003 performance report provided an update on the expansion and implementation of several performance management programs. The District reported on the expansion of the performance-based budgeting program to 27 additional agencies. The District also reported plans to expand the recommendations and court orders tracking system to begin tracking cost of implementing recommendations and court orders. In addition, the District reported plans to implement an online budgeting and performance program to link agency budgeting and performance reporting.

2003 PERFORMANCE ACCOUNTABILITY REPORT ADDRESSES STATUTORY REQUIREMENTS

The District generally met statutory requirements.

The District's 2003 Performance Report Included Almost All Significant Activities

The *Fiscal Year 2003 Performance Accountability Report* includes performance goals for almost all of the District's significant activities. The District reported performance goals for 77 activities, 1 more than last year, and represented 90 percent of the District's total expenditures. This year the District included performance data

for the Council of the District of Columbia. Performance measures for the council were reported by council period, which runs from January 1 in odd numbered years and is 2 years in length. The District reports on the council's actual performance but does not set goal targets, so no performance rating was assigned.

The District reported the agencies' actual performance for almost all of the goals of the agencies. The 2003 report included the actual performance achieved for about 92 percent of the goals included in the performance report. The report contained actual performance information for 72 agencies with 288 goals among them. For the 5 agencies for which the District did not report actual performance, and the corresponding 18 goals, the report provided explanations for why the data were missing or unavailable.

The District did not include 33 activities in the 2003 performance report, representing about 10 percent of the District's budget. Last year we recommended the District include goals for the Public Charter Schools, one of the larger activities the District had omitted in 2002. Although goals for the Public Charter Schools were not presented in the fiscal year 2003 report, the District explained that goals have been created for the schools in 2003 and the Charter Schools actual performance will be reported in the fiscal year 2004 report. The final goals and targets for the Public Charter Schools will be included in the fiscal year 2005 budget and performance plan, after agency officials review and accept the proposed goals and targets.

Besides the Public Charter Schools, most of the activities not included in the performance report were District special fund activities. In our prior review of the District's performance report,[2] we recommended the District report performance data for its special funds, to provide a more comprehensive picture of District activities. While District officials agreed with our recommendation to include goals for special funds in future reports, the special funds were not included in the 2003 report. According to the report and an interview with a District official, measures for special funds were not included because of limited staff resources and other agency priorities. The 2003 report provided explanations for other activities not included, some due to internal agency mergers or because no goals were set for them.

Appendix I lists the 77 agencies and associated expenditures included in the District's 2003 performance accountability report, and appendix II lists the budget activities not included in the 2003 report.

The District's 2003 Performance Report Included Names of Management Responsible for Performance

As required by statute, the 2003 report included almost all of the names and titles of the District managers most directly responsible for the achievement of each of the goals, as well as most of the names and titles of those managers' immediate supervisors.

[2] U.S. General Accounting Office, *District of Columbia: Performance Report Shows Continued Progress*, GAO-03-693 (Washington, D.C.: May 2003).

The District Reported Actions Taken to Comply with Court Orders

The law requires that the District's performance report include the status of any court orders applicable to the District during the year and the steps it took to comply with such orders. The 2003 performance report includes a more complete summary of the status of selected court orders than previous reports. In our reviews of prior performance reports, we have recommended that the District provide more descriptive updates on steps taken to respond to relevant court orders. In response to our recommendation, the 2003 report states that officials provided additional detail, but balanced full disclosure to the public with respect for court proceedings.

THE DISTRICT HAS ADDED NEW PERFORMANCE MANAGEMENT INITIATIVES THAT SUPPORT PERFORMANCE ACCOUNTABILITY EFFORTS

We found that the 2003 performance report provided an update on the expansion and implementation of several performance management programs.

The District Implemented the Performance-Based Budgeting Program in Additional Agencies

In 2003 the District implemented its performance-based budgeting program in 27 additional agencies, representing nearly 40 percent of the District's total expenditures. Performance-based budgeting links budgets to programs and activities and involves developing a new program budget structure encompassing programs, activities, and services as opposed to an organizational budget structure. The District's implementation of performance-based budgeting is aligned with the city's strategic planning process. The city's strategic plan defines five broad priority areas and identifies goals for each of those areas.[3] For each priority area, the plan also identifies the amount of funding provided for the fiscal year. Agency strategic plans are linked to these priority areas, and in the agencies' implementing performance-based budgeting, the agency goals and key performance measures are also linked with these priority areas. The Mayor's proposed budget describes strategic goals to be achieved by the agency over the next 2 to 3 years and activities and key initiatives by program within each agency. Each program includes a budget, program activities, related activities, and related key initiatives and results measures.

Although the revised planning process that accompanies performance-based budgeting may result in changes in the presentation of goals and measures from prior year performance plans and reports, we found that agency goals included in the 2003 report were generally consistent with agency goals reported in the 2003 performance plan. Approximately 79 percent of the 306 goals remained consistent from the 2003 performance plan and the 2003 performance report.

A District official said the performance-based budgeting program, although not yet implemented in every District agency, has already led to improved performance

[3] The five priorities in the District's strategic plan are: (1) Strengthening Children, Youth, Families and Elders; (2) Building Sustainable Neighborhoods; (3) Promoting Economic Development; (4) Making Government Work; and (5) Enhancing Unity of Purpose and Democracy.

management and budgeting. During the formulation of the District's 2004 budget, officials charged by the District's Council with finding additional savings or making across-the-board reductions in contract spending analyzed performance-based budgeting data to identify areas where contracts could be eliminated and costs reduced while minimizing the impact on the overall program's performance.

In addition to the District's initial 7 agencies that implemented performance-based budgeting for 2003 and the additional 27 agencies that implemented their initial performance-based budgets for 2004, the District plans to implement the program for 25 agencies in 2004 and anticipates all 77 agencies will be utilizing performance-based budgeting by 2006. Appendix III provides a list of the agencies and the performance-based budgeting phase that will be introduced.

Implementation of Online Budgeting and Performance Reporting System

The District's implementation of an online budget development and performance reporting system, Argus, will enable the District to conduct additional performance analysis and data management. The District official we interviewed said the Argus system will be based on the Hyperion Planning, Scorecard, and Analyzer and Reports software, which will link agency budgeting and performance reporting, allow for monthly performance monitoring, and enhance data collection oversight by District management. Through Argus, agencies will prepare budget requests based on actual program costs. The Argus program will also eliminate the agency's ability to modify performance targets or past performance without management approval, thereby improving data reliability and management oversight. Prior to Argus, the Office of the City Administrator was manually identifying such changes at the end of the fiscal year and requiring agency explanations. The District official we interviewed said Argus will reduce the amount of manual tracking of performance data, freeing up staff resources to focus on additional performance analysis. The District plans to implement the performance reporting component in October 2004 for the agencies already using or implementing performance-based budgeting.

Expansion of Recommendation Tracking System Will Enable the District to Report Costs of Implementing Court Orders

The District's expansion of the recommendation tracking system will enable the District to report the costs incurred through implementing court orders and other recommendations. Last year, the District's Chief Financial Officer noted that the District's unforeseen expenses are often driven by new legislative imperatives, court-ordered mandates, and suits and settlements. As a result, we recommended that the District improve tracking and monitoring the costs associated with compliance with court orders. In the fiscal year 2003 performance report, the District outlined plans to expand the recommendation tracking system, originally designed to track recommendation implementation throughout the District, to include tracking the cost of implementing court orders and other recommendations. The recommendation tracking system, administered by the District's Office of Risk Management, will begin tracking implementation costs at the end of FY 2004.

The District has made steady progress over the past 5 years in implementing a more results-oriented approach to management and accountability and issuing timely and more complete performance reports. We did not find any significant areas for improvement in the District's performance accountability report. However, as we have reported, actions have not been completed on our prior recommendations related to expanding coverage of goals and measures to all activities within the Mayor's authority, and the monitoring of court costs.

DISTRICT OF COLUMBIA COMMENTS

We provided the District of Columbia with a draft of this report for review and comment. The District provided technical comments that were incorporated into the report. The District concurred with our report findings.

We are sending copies of this report to the Honorable Anthony A. Williams, Mayor of the District of Columbia. We will also make copies available to others upon request. This report will also be available on GAO's Web site at http://www.gao.gov. Key contributors to this report were Ernie Hazera and Chelsa Kenney. If you or your staffs have any questions concerning this report, please contact me (202) 512-6737 or Ernie Hazera on (202) 512-6941.

Patricia A. Dalton
Director, Strategic Issues

List of Congressional Committees and Subcommittees

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The Honorable Mary Landrieu
Ranking Minority Member
Subcommittee on the District of Columbia
Committee on Appropriations
United States Senate

The Honorable George Voinovich
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Committee on Governmental Affairs
United States Senate

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Chairman
The Honorable Henry A. Waxman
Ranking Minority Member
Committee on Government Reform
House of Representatives

The Honorable Rodney Frelinghuysen
Chairman
The Honorable Chaka Fattah
Ranking Minority Member
Subcommittee on the District of Columbia
Committee on Appropriations
House of Representatives

Actual Expenditures for District Agencies Included in the District's *Fiscal Year 2003 Performance Accountability Report*

The District of Columbia included 77 agencies in its *Fiscal Year 2003 Performance Accountability Report*. These agencies accounted for about 90 percent of the District's expenditures for fiscal year 2003. The agencies are listed in the order in which they appear in the performance accountability report.

Table 1: Actual Expenditures for District Agencies Included in the *Fiscal Year 2003 Performance Accountability Report*

Agency	Fiscal year 2003 actual expenditures (in thousands)
1. Council of the District of Columbia	$11,397
2. Office of the District of Columbia Auditor	1,429
3. Office of the Mayor	9,684
4. Office of the Secretary	2,570
5. Customer Service Operations	2,219
6. Office of the City Administrator	33,154
7. D.C. Office of Personnel	10,714
8. Human Resources Development	3,003
9. Office of Finance and Resource Management	159,180
10. Office of Contracting and Procurement	13,661
11. Office of the Chief Technology Officer	77,223
12. Office of Property Management	59,774
13. Contract Appeals Board	568
14. Board of Elections and Ethics	3,696
15. Office of Campaign Finance	1,245
16. Public Employee Relations Board	624
17. Office of Employee Appeals	1,439
18. Office of the Corporation Counsel	47,369
19. Office of the Inspector General	10,887
20. Office of the Chief Financial Officer	88,858
21. Office of the Deputy Mayor for Economic Development	24,177
22. Office of Planning	7,827
23. Office of Local Business Development	959
24. Office of Motion Picture and Television Development	443
25. Office of Zoning	2,371
26. Department of Housing and Community Development	52,765
27. Department of Employment Services	85,620
28. Board of Appeals and Review	260
29. Board of Real Property Assessments and Appeals	281
30. Department of Consumer and Regulatory Affairs	30,612
31. Alcoholic Beverage Regulation Administration	2,712

32. Department of Banking and Financial Institutions[i]	2,146
33. Public Service Commission	6,572
34. Office of the People's Counsel	3,779
35. Department of Insurance and Securities and Securities Regulation[1]	9,349
36. Office of Cable Television and Telecommunications	6,531
37. Metropolitan Police Department	371,191
38. Fire and Emergency Medical Services Department	149,837
39. Department of Corrections	101,784
40. District of Columbia National Guard	3,248
41. D.C. Emergency Management Agency	15,227
42. Commission on Judicial Disabilities and Tenure	181
43. Judicial Nomination Commission	113
44. Office of Citizen Complaint Review	1,324
45. Advisory Commission on Sentencing	483
46. Office of the Chief Medical Examiner	6,420
47. District of Columbia Public Schools	873,535
48. State Education Office	58,448
49. University of the District of Columbia (UDC Subsidy)	50,544
50. District of Columbia Public Library	27,029
51. Commission on the Arts and Humanities	3,233
52. Department of Human Services	418,627
53. Child and Family Services Agency	208,329
54. Department of Mental Health	286,244
55. Department of Health	1,381,646
56. Department of Parks and Recreation	41,564
57. D.C. Office on Aging	20,422
58. Office of Human Rights	1,796
59. Office on Latino Affairs	3,727
60. D.C. Energy Office	12,061
61. Office of Asian and Pacific Islander Affairs	203
62. Office of Veterans Affairs	234
63. Department of Public Works	105,007
64. Department of Transportation	36,387
65. Department of Motor Vehicles	35,320
66. D.C. Taxicab Commission	1,087
67. Washington Metropolitan Area Transit Commission	90
68. Washington Metropolitan Area Transit Authority	154,531
69. School Transit Subsidy	3,803
70. Water and Sewer Authority	249,304
71. Washington Aqueduct	0
72. D.C. Lottery and Charitable Games Control Board	166,185
73. D.C. Sports and Entertainment Commission	12,340
74. District of Columbia Retirement Board	7,446
75. Washington Convention Center Authority	65,217

76. Housing Finance Agency	not listed
77. National Capital Revitalization Corporation	0
Total	**$5,649,265**

Sources: Agencies listed were derived from the *Fiscal Year 2003 Performance Accountability Report.* Agency actual expenditures were derived from the *Fiscal Year 2005 District of Columbia Proposed Budget and Financial Plan.*

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[i] The Department of Insurance Securities Regulations and the Department of Banking and Financial Institutions will merge together in late fiscal year 2004 or early fiscal year 2005.

Appendix II

Activities Not Included in the *Fiscal Year 2003 Performance Accountability Report*

The District of Columbia's *Fiscal Year 2003 Performance Accountability Report* did not include goals and measures for about 10 percent of the District's budget. The District has explained why goals and measures have not been developed for some of these activities, and these explanations are noted.

Table 2: Budget Activities Not Included in the District of Columbia *Fiscal Year 2003 Performance Accountability Report*

Agency/fund	Fiscal year 2003 actual expenditures (in thousands)
1. Office of Advisory Neighborhood Commissions[i]	$843
2. Office of Risk Management	0
3. Metropolitan Washington Council of Governments[ii]	397
4. Emergency Purchase Cards	3,000
5. Police Officers' and Firefighters' Retirement System[iii]	68,900
6. Office of Administrative Hearings[iv]	93
7. Corrections Information Council[v]	47
8. Criminal Justice Coordinating Council[vi]	491
9. Forensic Health and Science Laboratory	0
10. Office of Unified Communications	0
11. Teachers' Retirement Fund[vii]	0
12. D.C. Public Charter Schools[viii]	118,257
13. PBC Transition	0
14. Unemployment Compensation Fund[ix]	8,967
15. Disability Compensation Fund[x]	29,991
16. Brownfield Remediation	0
17. Children and Youth Investment Fund[xi]	7,568
18. Medicaid Reserve[xii]	74,138
19. Incentives for Adoption of Children	1,539
20. Reserve[xiii]	0
21. Repayment of Loans and Interest[xiv]	250,649
22. Repayment of General Fund Deficit[xv]	39,043
23. Short-term Borrowing[xvi]	3,288
24. Certificate Participation[xvii]	2,280
25. Settlements and Judgments[xviii]	23,716
26. Wilson Building[xix]	3,875
27. Workforce Investments[xx]	0
28. Non-Departmental[xxi]	0
29. Tobacco Trust Settlement Fund[xxii]	0
30. One-time Expenses[xxiii]	0
31. Emergency Preparedness Funds (emergency planning and security fund)[xxiv]	10,624

32. Storm Water[xxv]	1,439
33. Correctional Industries	0
TOTAL	**$649,145**

Sources: *Fiscal Year 2005 District of Columbia Proposed Budget and Financial Plan* and *District of Columbia Fiscal Year 2003 Performance Accountability Report.*

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[i] No fiscal year 2003 Measures set.
[ii] Regional entity outside of authority of OCA to set goals and measures.
[iii] Fund is managed by DC Retirement Board. Performance of the fund is captured in aggregate performance data reported by DC Retirement Board.
[iv] No fiscal year 2003 Measures set.
[v] No fiscal year 2003 Measures set.
[vi] No fiscal year 2003 Measures set.
[vii] Measures are not set for Funds.
[viii] No fiscal year 2003 Measures set. State Education Office had agreed to Draft fiscal year 2004 measures that will be included in the fiscal year 2005 budget upon concurrence of DC public charter schools.
[ix] Measures are not set for funds.
[x] Measures are not set for funds.
[xi] Measures are not set for funds.
[xii] Measures are not set for funds.
[xiii] Measures are not set for funds.
[xiv] Measures are not set for funds.
[xv] Measures are not set for funds.
[xvi] Measures are not set for funds.
[xvii] Measures are not set for funds.
[xviii] Measures are not set for funds.
[xix] Measures are not set for funds.
[xx] Measures are not set for funds.
[xxi] Measures are not set for funds.
[xxii] Measures are not set for funds.
[xxiii] Measures are not set for funds.
[xxiv] Measures are not set for funds.
[xxv] Measures are not set for funds. WASA manages the Storm water activity.

Performance-Based Budgeting Agencies

Performance-Based Budgeting was implemented in 7 agencies for fiscal year 2003, and implemented in 27 additional agencies for fiscal year 2004.

Phase I: Fiscal Year 2003 (7 agencies)

Office of the Chief Financial Officer
Department of Public Works
Metropolitan Police Department
Department of Human Services
Department of Transportation
Department of Motor Vehicles
Fire and Emergency Medical Services Department

Phase II: Fiscal Year 2004 (27 agencies)

Office of the Mayor
Office of the City Administrator
DC Office of Personnel
Office of Contracting and Procurement
Office of the Chief Technology Officer
Office of the Property Management
Office of the Corporation Counsel
Office of the Deputy Mayor for Economic Development
Office of Planning
Department of Housing and Community Development
Department of Employment Services
Department of Consumer and Regulatory Affairs
Department of Banking and Financial Institutions[i]
Department of Insurance and Securities Regulation
Office of Cable Television and Telecommunications
Department of Corrections
Emergency Management Agency
Office of the Chief Medical Examiner
DC Public Schools
State Education Office
DC Public Library
Commission on the Arts and Humanities
Child and Family Services Agency
Department of Mental Health
Department of Health
Department of Parks and Recreation
DC Office on Aging
Office of Human Rights

(450311)

[i] The Department of Insurance and Securities Regulation and the Department of Banking and Financial Institutions will merge together in late fiscal year 2004 or early fiscal year 2005.

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