

City of Austin



**A Report to the  
Austin City Council**

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Lee Leffingwell

**Mayor Pro Tem**  
Sheryl Cole

**Council Members**  
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AUDIT REPORT

# Performance Measurement System Audit

October 2014



## REPORT SUMMARY

The City of Austin has established a framework for performance measurement; however, more efforts are needed to ensure its effective implementation and ensure that departments consistently provide relevant and reliable information to stakeholders and decision makers.

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**GOVERNMENT AUDITING STANDARDS COMPLIANCE**

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We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**AUDIT TEAM**

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October 2014



## Audit Report Highlights

### Why We Did This Audit

This audit was conducted as part of the Office of the City Auditor's (OCA) Fiscal Year (FY) 2014 Strategic Audit Plan.

### What We Recommend

The City Budget Officer should strengthen the implementation of the City's performance measurement system including: adopting a policy for performance measurement system with defined roles and responsibilities, establishing periodic trainings and refreshers, and, creating a multi-level accountability system. The City Budget Officer should also strengthen eCOMBS security access controls and ensure compliance with City's requirements.



For more information on this or any of our reports, email [oca\\_auditor@austintexas.gov](mailto:oca_auditor@austintexas.gov)

# PERFORMANCE MEASUREMENT SYSTEM AUDIT

Mayor and Council,

I am pleased to present this audit on Performance Measurement System.

## BACKGROUND

- The City's performance measurement system tracks, analyzes, and reports on approximately 1,270 departmental performance measures.
- Performance measurement responsibilities mainly reside within the individual City departments, with the Corporate Budget Office providing guidance and coordination, and Assistant City Managers (ACMs) providing feedback on the departments' business plans.

## OBJECTIVE AND SCOPE

The objective of the audit was to determine whether the city's performance measurement system provides timely, accurate, and relevant information for use by decision makers.

The audit scope included the City's performance measurement system processes and activities in FY 2012 through FY 2014 (August).

## WHAT WE FOUND

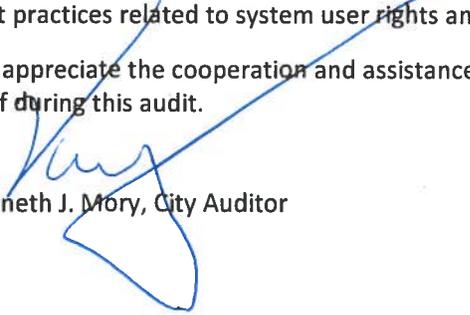
We found that the City of Austin has established a framework for performance measurement, which is articulated in the City's Managing for Results Guide (MFR); however, more efforts are needed to sustain the MFR effective implementation and ensure that departments consistently provide relevant and reliable information to stakeholders and decision makers.

In five of the seven departments selected for detailed testing we found that departmental KPIs did not consistently provide performance information that was relevant (logically related to pertinent performance expectations), reliable (verifiable and free from biases), and/or integrated in staff performance evaluation.

Also, based on the results of the 2013 Listening to the Workforce Survey, awareness of performance information and confidence in its accuracy appear to be a concern citywide.

Finally, security access controls over the City's system of records for performance measures and budget data (eCOMBS) are not in line with City requirements and best practices related to system user rights and password.

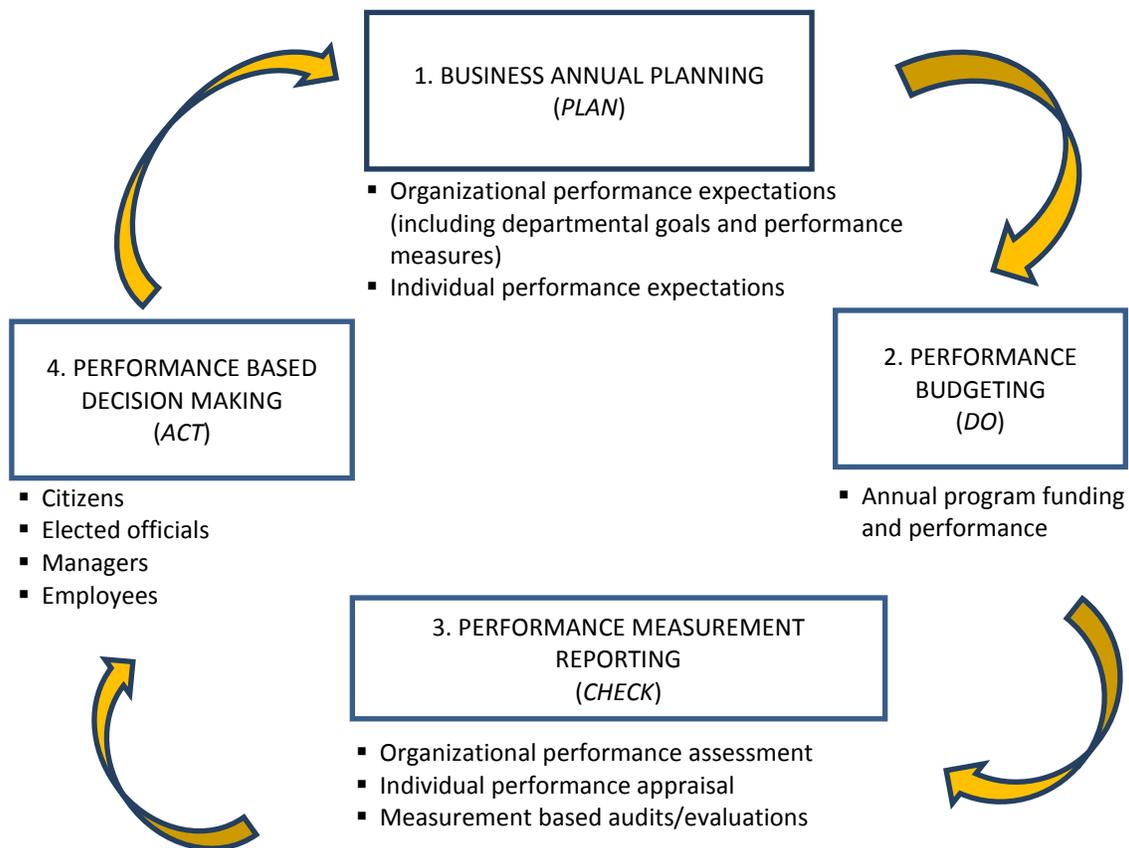
We appreciate the cooperation and assistance we received from the Budget Office staff during this audit.

  
Kenneth J. Mory, City Auditor

## BACKGROUND

The City's performance measurement system tracks, analyzes, and reports on approximately 1,270 performance measures information from all City departments. The City's performance measurement system is part of the larger concept of Managing for Results (MFR) described in Exhibit 1; the City's MFR process includes 29 steps which are laid out in the City's MFR Resource Guide. The implementation and administration of MFR is led by the City's Corporate Budget Office. MFR is both a management philosophy and a process designed to integrate strategic planning with budgeting, performance measurement, and decision making.

### EXHIBIT 1 Relevant Performance Measurement Components from the City's MFR Framework



**SOURCE:** OCA analysis of City performance measurement system, August 2014

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

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The Performance Measurement System Audit was conducted as part of the Office of the City Auditor's (OCA) Fiscal Year (FY) 2014 Strategic Audit Plan, as presented to the City Council Audit and Finance Committee.

### **Objective**

The objective of this audit was to determine whether the City's performance measurement system provides timely, accurate, and relevant information for use by decision makers.

### **Scope**

The audit scope included the City's performance measurement system processes and activities in FY 2012 through FY 2014 (August).

### **Methodology**

To accomplish our audit objectives, we performed the following steps:

- conducted interviews with staff in the City's Budget Office;
- reviewed City's policies and best practices related to performance measures;
- reviewed performance measure data from the City's Computerized Operations and Maintenance Budget System (eCOMBS) and reviewed and assessed input/output controls; and
- selected 7 departments (out of the 20 departments who provide direct services to citizens) for detailed analysis (list of departments available in Appendix B).  
for each of the 7 departments:
  - selected and tested a sample 2 key performance measures;
  - reviewed and analyzed applicable documentation in manual and electronic format;
  - conducted interviews with management and staff with performance measures responsibilities; and
  - conducted walkthroughs of departmental data collection tools and practices (where applicable).

## AUDIT RESULTS

**The City of Austin has established a framework for performance measurement; however, more efforts are needed to ensure its effective implementation and ensure that departments consistently provide relevant and reliable information to stakeholders and decision makers.**

The City of Austin performance measurement system is part of the larger concept of Managing for Results (MFR), which is designed to integrate strategic planning with budgeting, performance measurement, and decision making. MFR principles are articulated in the MFR Resource Guide, authored by the City’s Budget Office in 2005. The Budget Office provides guidance and coordination on the overall MFR and Assistant City Managers provide feedback on the departments’ business plans. In addition, while the Budget Office monitors the tracking and collection of performance measures, performance measurement responsibilities mainly reside within the individual departments. In FY 2014, the Budget Office undertook an initiative to review a sample of performance measures from each department.

As part of the annual business planning process, departments define their goals and collect performance information throughout the year to monitor progress towards their goals. We focused our audit on departmental Key Performance Indicators, or KPIs, which are high profile performance measures, provided to City Council for their decision making and to other stakeholders to depict whether departments are achieving their goals. Exhibit 2 provides an example of how KPIs were utilized during the discussion of the FY 2015 budget approval process.

### EXHIBIT 2

#### Excerpt of Department Overview from FY 2015 Budget Presentations

**Mission Statement:** The Austin Fire Department is committed to creating safer communities through prevention, preparedness and effective emergency response.

**Major Accomplishments**

- Installation of more than 2,000 smoke alarms
- Grant-funded Fire Safety House used for public education
- Pass the Torch program implemented – young adults experience Fire Service training
- Wildfire Division presented “Firewise” training at over 60 events
- 24.2% increase in number of inspections performed

Key Performance Data	FY 13 Actual	FY 14 Estimate	FY 15 Proposed
Customer satisfaction with quality of service provided	90	90	90
Percent of emergency incidents with first arrival within 8 minutes of call receipt	85	85	88
Number of unintentional fire deaths	5	2	0
Percent of structure fires confined to room of origin	82	84	85
Percent of cardiac arrest due to cardiac cause that arrive at hospital with a pulse	32	35	40

*Measures in bold are City dashboard measures*

**SOURCE:** City of Austin Finance Online webpage, September 2014

Based on our work, we found that in 5 of the 7<sup>1</sup> departments analyzed, departmental KPIs did not consistently provide information that was relevant and/or reliable, according to the definitions included in Exhibits 3 and 4, or are not integrated in staff performance evaluations. Exhibit 3 and 4 contain examples of the issues noted as part of this audit.

### EXHIBIT 3

#### Examples of Performance Measures Issues Related to Relevance

Relevance refers to performance information that logically and directly relates to the pertinent performance expectations, and is aligned with the pertinent goal		
Key Performance Indicator	Goal	OCA Observations
Number of rental units created and/or retained through the Rental Housing Development Assistance (RHDA) Program and 3 related performance measures	50% of all units produced will have affordability period of 30 years or more	This KPI and the additional 3 performance measures are not directly related to the goal that they are intended to measure; they report the number of units created and/or retained, but do not indicate the percentage of units produced or whether the units have an affordability period of 30 years
Number of school-zone indicator signals that received preventative maintenance	Perform preventive maintenance on all school zone-indicator signals	This KPI is not directly related to the goal that it is intended to measure, as it does not indicate the percentage of signal that received preventative maintenance

**SOURCE:** OCA analysis of FY 2012 and FY 2013 reported departmental goals and performance measures, June 2014

### EXHIBIT 4

#### Examples of Performance Measures Issues Related to Reliability

Reliability refers to performance information that is verifiable, free from biases, and provides an accurate representation of what it claims to represent	
Key Performance Indicator	OCA Observations
Number of school-zone indicator signals that received preventative maintenance	Results not verifiable, based on estimates; it could be overstated or understated
Percent of emergency incidents where the amount of time between call receipt and the arrival of AFD unit is 8 minutes or less	Reported results are based on a subset of incidents; as such, they could be overstated or understated
Percent of neighborhood planning participants satisfied with the neighborhood planning process	Reported results are not consistent with measure definition and are based on less than 1% of surveyed participants; reported results could be inaccurate and/or not representative
Percent of building inspections performed within 24 hours of request	The tracked hours are not based on the time that an inspection request is made

**SOURCE:** OCA analysis of FY 2012 and FY 2013 reported departmental key performance indicators, June 2014

Without providing relevant and reliable performance information to decision makers at all levels, the City may not be able to effectively manage operations, monitor the progress of key initiatives, and achieve its long-term vision. Furthermore, stakeholders may not have access to performance information that is transparent and clear about its meaning.

<sup>1</sup> As indicated in the methodology section of this report, for this audit we selected 7 departments out of the 20 City departments who provide direct services to citizens. See Appendix B.

We also observed that departments did not consistently ensure alignment of KPI's expectations with the performance evaluation of the employees that were responsible for their implementation, which limits accountability and expectations for program staff with regards to supporting performance measurement processes. Management in two departments indicated that they are currently in the process of reviewing performance measures and SSPRs to ensure that are sufficiently integrated.

We also analyzed the departmental goals in the 7<sup>2</sup> sampled departments to determine if the departments had developed performance measures for each goal. We noted that in a few departments, there were one or more goals that did not have corresponding performance measures. Exhibit 5 shows some examples of this misalignment. Without establishing clear performance measures, departmental management may not be able to measure their success in achieving the established goal.

**EXHIBIT 5**  
**Examples of Goals That Did Not Have Corresponding Performance Measures**

Goal	OCA Observations
Facilitate and plan special events without major incidents or injury to guests	No performance measure to track success of this goal
Implement the Imagine Austin comprehensive plan including a comprehensive revision to the Austin Land Development Code	No performance measure to track success of this goal

**SOURCE:** OCA analysis of FY 2012 and FY 2013 reported departmental goals and performance measures, June 2014

We also reviewed the 1,270 performance measures from all City departments recorded in the Computerized Operations and Maintenance Budget System (eCOMBS), the City system of records for performance measurement and budget information. We found that approximately 10% of the performance measures reported by departments to the Budget Office did not contain sufficient information to understand how measures are calculated and collected, as they lacked information about the data source, description of the measure, and calculation of the measure. Since eCOMBS feeds information in the database available to the public through a public portal (ePERF), it is imperative that information provided is complete and understandable.

The performance measures issues noted in this audit appear to stem from a lack of awareness among departmental staff responsible for performance measures of the MFR Resource Guide. We observed that while some staff interviewed during the course of our audit appeared to be knowledgeable about the specific performance measures they were responsible for, others did not appear to be familiar with the MFR concept and how the City's performance measurement system works. In order to work effectively, individuals responsible for performance measure activities need to be trained on the specifics of MFR. The Budget Office provides training to departments. However, based on our review of the training materials, this brief training is geared towards budget development and technical aspects of entering information in the citywide performance measurement tracking system. Furthermore, based on our review of attendance records for the sampled departments, attendance was very low.

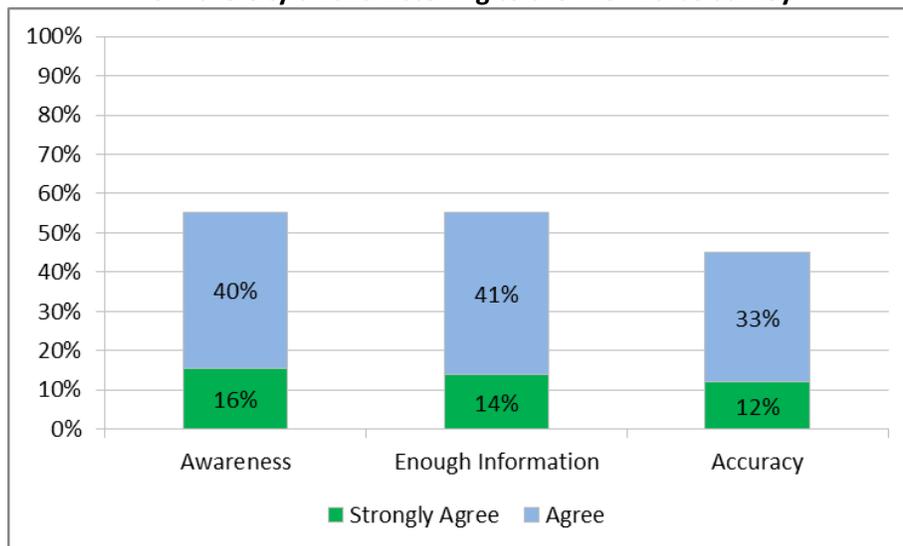
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<sup>2</sup> Ibid.

Furthermore, as shown by the 2013 results of a survey of City employees (the Listening to the Workforce Survey, which is conducted annually by the Human Resource Department), awareness of performance information and confidence in its accuracy appear to be a concern Citywide<sup>3</sup>. Exhibit 6 shows that only about half of the respondents agreed or strongly agreed with the first two statements listed below, while less than half agreed with the last one:

- “I am aware of the performance information collected in my work area,”
- “I have the performance information I need to carry out my role/function,” and
- “Our performance measurement system provides accurate information over time.”

**EXHIBIT 6**  
**Positive Responses to the Citywide Performance Measures Questions**  
**from the City’s 2013 Listening to the Workforce Survey**



**SOURCE:** OCA analysis of the City’s 2013 Listening to the Workforce survey results, August 2014

Finally, we observed that that security access controls over data in eCOMBS are not in line with the City’s requirements and best practices related to system users access rights and passwords, including: number and type of characters, configuration to force periodical change of the password, lock out after failed log-in attempts, and periodical changes and reviews of access rights. The absence of adequate security access controls may affect the integrity of departmental performance and budgeting data contained in eCOMBS.

In order to ensure continuity of the performance measurement system over the course of political and administrative cycles, many jurisdictions have legislative mandates related to their performance measurement system. Also, when the City was instituting the MFR program, an audit from our office recommended that in order to strengthen the City’s commitment to performance measurement and reporting, the City should establish a legislative mandate to include standards, policies, and clear roles and responsibilities. While MFR establishes a framework for performance measurement and has been utilized to guide the annual budget process, policies and procedures that clearly assign all roles and responsibilities specifically regarding performance measures have

<sup>3</sup> A total of 3,263 (or 29%) of City employees completed the 2013 Listening to the Workforce survey.

not been formally adopted. Establishing a policy that formally assigns roles and responsibilities, could further strengthen the existing performance measurement accountability system.

## **RECOMMENDATIONS**

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The recommendations listed below are a result of our audit effort and subject to the limitation of our scope of work. We believe that these recommendations provide reasonable approaches to help resolve the issues identified. We also believe that operational management is in a unique position to best understand their operations and may be able to identify more efficient and effective approaches and we encourage them to do so when providing their response to our recommendations. As such, we strongly recommend the following:

- 1. The City Budget Officer should strengthen the implementation of the City's performance measurement system, including:**
  - **adopting a policy for a performance measurement system with defined roles and responsibilities;**
  - **updating the Managing for Results Guide;**
  - **expanding the performance measurement training program; and**
  - **strengthening accountability processes to ensure accuracy of performance measurement information.**

MANAGEMENT RESPONSE: **Concur.** Refer to Appendix A for management response and action plan.

- 2. The City Budget Officer should strengthen eCOMBS security access controls and ensure compliance with City's requirements related to system user access rights and passwords.**

MANAGEMENT RESPONSE: **Concur.** Refer to Appendix A for management response and action plan.



## MEMORANDUM

**TO:** Ken Mory, City Auditor  
**FROM:** Elaine Hart, Chief Financial Officer, Financial Services Department (FSD) *Elaine Hart*  
**DATE:** October 20, 2014  
**SUBJECT:** FSD Management Response to the *Performance Measurement System Audit Report*

Budget Office staff and I have reviewed the City Auditor's ***Performance Measurement System Audit Report***. Following Council's discussions on performance measures during the FY 2014 budget approval process, a more rigorous review process covering departmental performance measure data and variance was implemented for the FY 2015 budget development cycle, which will be continued for future budgets. In addition to these process improvements already in place, we concur with the Auditor's recommendations and actions for implementation are underway or planned.

Performance measurement has been a key component of the City's budget and reporting systems for decades. A resolution approved by the City Council on September 3, 1992, formalized Council's support by directing the City Manager to "use information produced by departmental performance measurement systems to develop a performance based budgeting system" to facilitate decision making. Over the years, this system evolved to become the City's established framework for performance measurement and ***Managing for Results (MFR)***, formally in place since 1999. Financial Services Department has primary oversight responsibility for this system.

Since 1999, ***Managing for Results*** has been refined and improved to ensure it effectively meets the needs of Austin's Council, management, employees, and citizens. Annually, the Budget Office of Financial Services Department creates and/or revises instructions and training documents to emphasize the City's **current** business planning needs. For the FY 2016 budget, due dates for departmental measure data entry into the eCOMBS software have been built into the FY 2016 Budget Calendar to formalize the regular reporting of performance data. For FY 2017 Business Planning, our process will be further strengthened by updating the ***Managing for Results Business Planning Guide*** with a new section on roles and responsibilities and other sections will be refreshed with updated technology and deliverable procedures.

Management agrees that a multi-level accountability system is important and procedures are currently in place to ensure accuracy of information. For example, departmental responses that verify performance data and explain data variances are deliverables of both the Business Planning and Proposed Budget submissions which require department director and Assistant City Manager sign-offs. In addition, Budget Office staff review key indicator data and assess measures for the Annual Performance Report. In May-June 2014, to improve quality assurance of our performance data, Budget

## APPENDIX A

Office staff reviewed 59 performance measures (about 5% of all published performance measures). Findings were discussed with department staff and corrections were made as necessary. Plans for the FY 2016 Budget continue annual reviews and assessments by the Budget Office with a random selection of 80 performance measures (about 7% of all published performance measures totaling 1,141). We expect these assessments to be completed by April 2015.

FY 2016 Business Planning instructions reinforce the Auditor's findings and were recently released to departments. Departments were instructed to ensure that:

- goals are **aligned and measureable**,
- defined measures are in place that track performance, and
- measures reported in eCOMBS have complete, understandable definitions.

A focus on the customer – primary driver of Managing for Results – is also reinforced. The departmental submission checklist for Business Plans has been refined to emphasize department responsibilities.

Training currently exists for both business planning and technology requirements related to submitting Business Plan deliverables to the Budget Office. However, this mandatory training has been expanded during the FY 2016 Business Planning process to include more information on the MFR performance measurement system and philosophy of customer-driven services and results. Departments that have experienced significant staff turnover will be invited and encouraged to attend specialized training on Business Planning. Future training on measure development, measure assessments, and other key elements of MFR will be provided on a periodic basis beginning in October 2015 for the FY 2017 Business Planning process and beyond.

The Budget Office will explore possible improvements to the eCOMBS Performance Measure module that can improve and strengthen review and approval mechanisms using technology. These improvements will include increased security passwords and embedded data variance explanations. Other functionality, such as more controlled lock-out mechanisms and departmental approvals, will also be considered. We currently expect a January 2015 implementation for new password security requirements. Other improvements are targeted for October 2015 implementation for the FY 2017 Business Planning process.

I appreciate the work of the Auditor's Office on this audit. Your auditors' review of the performance measurement process provided my department with valuable and timely feedback. We have incorporated several findings into our FY 2016 Business Planning instructions and remaining findings are planned improvements for the FY 2017 Business Planning process. Thank you for the opportunity to provide this response.

xc: Marc Ott, City Manager  
Deputy City Manager and Assistant City Managers  
Deputy Chief Financial Officers

APPENDIX A

Rec #	Recommendation	Concurrence and Proposed Strategies for Implementation	Status of Strategies	Proposed Implementation Date
1	<p>The City Budget Officer should strengthen the implementation of the City's performance measurement system, including:</p> <ul style="list-style-type: none"> <li>• adopting a policy for a performance measurement system with defined roles and responsibilities;</li> <li>• updating the Managing for Results Guide;</li> <li>• expanding the performance measurement training program; and</li> <li>• strengthening accountability processes to ensure accuracy of performance measurement information.</li> </ul>	<p><b>FSD management Concurs.</b></p> <p>Informal procedures are currently in place for the roles and responsibilities of departments for business planning and performance measurement. Steps to strengthen the system include refining the FY 2016 Business Plan submission checklist to emphasize departmental responsibilities (already complete) and updating the <i>Managing for Results Business Planning Guide</i> to include a new section on roles and responsibilities as well as refresh other sections. The updated guide will be available by the FY 2017 Business Planning process.</p> <p>Training currently exists for business planning and technology requirements for submitting Business Plan deliverables to the Budget Office. This training is expanded for FY 2016 Business Planning to include more information on the Managing for Results performance measurement system and philosophy of customer-driven services and results. Departments that have experienced significant staff turnover will be invited and encouraged to attend specialized training on Business Planning.</p> <p>Future formalized trainings on measure development/assessment and other key elements of Managing for Results will be provided on a periodic basis beginning in October 2015 for FY 2017 Business Planning and beyond.</p> <p>Management agrees that a multi-level accountability system is important. Due dates for departmental measure data entries into the eCOMBS measure module have been built into the FY 2016 budget calendar.</p>	Underway and Planned	October 2014 and October 2015

APPENDIX A

		<p>Plans for the FY 2016 Budget continue annual reviews and assessments by the Budget Office with a random selection of 80 performance measures (about 7% of all published performance measures totaling 1,141). We expect these assessments to be completed by April 2015. This will be the second year that formalized assessments have been conducted by the Budget Office.</p> <p>The Budget Office will explore possible improvements to the eCOMBS Performance Measure module that can improve and strengthen review and approval mechanisms using technology. These improvements will include increased security passwords and embedded data variance explanations. Other functionality, such as more controlled lock-out mechanisms and departmental approvals, will also be considered. We currently expect a January 2015 implementation for new password security requirements. Other improvements are targeted for October 2015 implementation for the FY 2017 Business Planning process.</p>		
2	The City Budget Officer should strengthen eCOMBS security access controls and ensure compliance with City's requirements related to the system user access rights and passwords.	<p><b>FSD management Concurs.</b></p> <p>The Budget Office will make improvements to eCOMBS security access. We currently expect a January 2015 implementation for new password security requirements.</p>	Planned	January 2015

## APPENDIX B

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### SAMPLED DEPARTMENTS AND TESTED KEY PERFORMANCE MEASURES

Department	Key Performance Measure
Animal Services	Number of animals sterilized in the community
Animal Services	Percent of animal shelter live outcomes
Austin Convention Center	Client evaluation ratings summary
Austin Convention Center	Exhibit hall and ballroom occupancy
Austin Transportation Department	Percent reduction in estimated vehicular travel time in corridors and intersections
Austin Transportation Department	Number of school-zone indicator signals that received preventative maintenance
Austin Fire Department	Percent of emergency incidents where the amount of time between call receipt and the arrival of AFD unit is 8 minutes or less
Austin Fire Department	Number of unintentional fire deaths occurring in structure fires
Neighborhood Housing & Community Development	Number of rental units created and/or retained through the Rental Housing Development Assistance (RHDA) Program
Neighborhood Housing & Community Development	Number of households assisted with repair services for the homeowner
Parks and Recreation Department	Percent of participants who indicate an increase of environmental awareness
Parks and Recreation Department	Ratio of developed and undeveloped park acres per grounds maintenance FTE
Planning and Development Review Department	Percent of neighborhood planning participants satisfied with the neighborhood planning process
Planning and Development Review Department	Percent of building inspections performed within 24 hours of request