



Testimony of

The Hon. Kathy Patterson

D.C. Auditor

Before the

Council of the District of Columbia
Committee of the Whole

Performance Oversight Hearing

February 25, 2019

10:30 a.m.

Room 123

The John A. Wilson Building
1350 Pennsylvania Avenue N.W.
Washington, DC 20004

Good morning, Mr. Chairman and members of the Committee of the Whole. I am Kathy Patterson, and I serve as the District of Columbia Auditor. I am joined today by the Office of the D.C. Auditor (ODCA) General Counsel Amy Bellanca.

It is a pleasure to be able to appear before you to discuss the performance of the Office of the D.C. Auditor. I will discuss the status of recommendations made by this Committee in its FY 2019 budget report, how the office did on our Key Performance Indicators in FY 2018, our performance goals for the current year, and other accomplishments and initiatives we have undertaken and challenges we have faced over the past year.

2018 Committee of the Whole Recommendations

In its FY19 budget report section on ODCA a year ago the Committee of the Whole focused on our role in public education including the high school graduation scandal, noting, “it is clear that the District is currently failing our students and that the District needs to evaluate its current practices as well as examine best practices around the country in order to improve significantly the educational outcomes in the District.” The report continued: “To that end, the Committee supports the concept put forth in Bill 22-776, the ‘District of Columbia Education Research Advisory Board and Collaborative Establishment Amendment Act of 2018’ and recommends that the Auditor consider incubating an educational research consortium in her office.”

The Committee cited work in other cities including Chicago and the impact objective research could have and has had on student outcomes elsewhere. The committee continued: “The District needs an entity that can do similar research, that is independent of the Mayor, and that has access to student and school level data. The Auditor’s office satisfies all of these requirements.” The Committee recommended that the Auditor “work with the Council and the Committee in moving forward with the education collaborative legislative initiative.”

To enable ODCA to fulfill that recommendation the Council appropriated \$500,000 in the agency’s FY19 budget to support creation and incubation of an education research-practice partnership. We hired an education research director, Erin Roth, on a 13-month term appointment, and Ms. Roth worked closely with the Committee and the Council on the legislation to create the research-practice partnership. In addition, we recently hired the consulting firm Data Ethics of Rochester, New York, to produce a *Study of Education Data Governance, Management, Use, and Accuracy*, as recommended in the 2015 National Research Council report, *An Evaluation of the Public Schools of the District of Columbia*, and as recently required by the *District of Columbia Education Research Practice Partnership Establishment and Audit Act of 2018*. The [Data Ethics LLC](#) team has significant experience working with and for education agencies at the state and local level on issues of data governance, analytics, and privacy. With this deep experience and knowledge, Data Ethics was selected by ODCA for the study of data governance, management, use, and accuracy throughout the District of Columbia’s public educational system.

As it has done in the past, the COW also recommended that we join the Council in working with the Executive to identify space in the Wilson Building for ODCA to move into. You and I, Mr. Chairman, have discussed this issue, and while there has not been any forward movement, I continue to hope that we can make that move to continue to promote a closer working relationship with the Council.

ODCA Work on Public Education in 2018

The Committee of the Whole was not the only entity recommending that the D.C. Auditor focus efforts on public education throughout 2018. In January 2018 the State Board of Education approved a resolution asking ODCA to examine “the institutional conditions and culture that have allegedly created an education system that prioritized appearances and outcomes data over genuine improvement.” We undertook a series of education reports including surveys of DCPS principals on their concerns, and public-school parents on school choice. We also published a major study of enrollment projections requested and funded by the D.C. Council during the FY 2018 budget process.

DCPS Enrollment Audit

To conduct the FY 2018 report, [*A Study of Enrollment Projections for D.C.’s Public Schools: Assuring Accuracy and Transparency*](#), ODCA issued a request for proposals and contracted with a trio of consultants led by Cooperative Strategies (CS), a national firm based in Ohio and California with extensive national experience projecting public school enrollment. CS was supported by the Urban Institute and the 21st Century School Fund, District entities with both local and national research and policy experience. Enrollment projections are critical data points for all schools, but DCPS in particular uses projected enrollment to create school budgets.

The study, released in D.C. Council and media briefings in late September, found that:

- Public school enrollment is projected to grow between 12,000 and 17,000 students in the next 10 years.
- The District’s projection process can be made more accurate, transparent, and efficient.
- Current projection methods are least accurate for schools with high mobility rates.

The research team recommended that the District:

- Maintain a central repository of comprehensive historical data on students, schools and demand factors.
- Produce and share five- and 10-year baseline projections alongside the next year projection process annually.
- Calculate and share a student mobility index.
- Present school-level (DCPS) and charter LEA staff with baseline projections by school along with data used to justify preliminary adjustments.
- Conduct and share an annual review of enrollment projections compared with actual audited enrollments.

The report’s recommendations are built into an Enrollment Projections Development Process, a 15-step outline prepared for the Office of the Deputy Mayor for Education, OSSE, and LEAs, including opportunities for information exchange among local school stakeholders. The research team recommended that the Mayor and D.C. Council formally adopt the projection methodology and the 15-step process to assure accuracy and transparency going forward. Importantly, this 15-step process recommends that OSSE have a more integral role in the enrollment projections process and provide projections for each LEA. In addition to the report, ODCA also launched [an interactive enrollment projections web tool](#). Through this tool, users can access historical and projected enrollment by school in addition to other critical indicators like school level mobility, birth rates, and building permits. In the near future, ODCA will be releasing the underlying data associated with the web tool to further facilitate open dialogue and research on school enrollment and projections.

Parent School Choice Survey

To complement the enrollment study, ODCA also contracted for the FY 2018 report, [Shopping for Public Schools in the District of Columbia](#), a quantitative survey of 600 parents and guardians of children in PK4 to 11th grade, looking at how families see the existing system and their educational options. The key findings:

- Parents prefer that the District invest in neighborhood public schools rather than increasing options for children to attend out-of-boundary schools.
- At the same time, parents and guardians in the study said charter schools are doing a better job of educating children than are the public schools and identified charter schools when asked where they “are likely to send” their children.
- When asked about the likelihood of trying to send their children to a variety of special-emphasis schools, those with a math and science focus are the most popular among the respondents.
- A large majority of parents do not fully understand how school choice operates in D.C. Few recognize both the availability of a neighborhood public school for all K-12 students, which exists alongside the need to apply through the D.C. Lottery to secure a spot in a PK3 or PK4 program.
- The quality of the educators and academic rigor were the top choices when parents were asked what is important in a school. Physical characteristics such as the building and safety of the surrounding neighborhood were also important considerations.

Survey of DCPS Principals

In response to the SBOE request, ODCA produced [D.C. Public School Principals Share Challenges, Concerns](#), a survey of all the 108 elementary, middle, and high school principals in DCPS to dig deeper into graduation-related issues highlighted in an earlier OSSE audit by Alvarez & Marsal. Forty-seven of the 108 principals responded, a 43% response rate, and indicated they:

Want more control over their school’s funding. Echoing some of the findings from the budget and staffing audit, 72% of the respondents cited funding as their greatest concern: not the amount of dollars, but, rather, that they are not able to allocate funds for priority needs at their individual schools.. This concern makes sense given the findings from ODCA’s earlier audit that at-risk funds are sometimes used to supplant core staffing positions and any later budget flexibility can be dependent on the involvement and advocacy of a school’s Local School Advisory Teams (LSATs).

Are far more stressed more often than their national peers. While 20% of principals nationally said in a similar survey by MetLife they feel under “great stress,” almost every day, 54% of the D.C. principals in the ODCA survey said they feel that way. The undue stress could be why two-thirds (67%) said they are “very likely” (40%) or “fairly likely (27%) to leave their current principal role within DCPS in the next five years and seek a similar position elsewhere. One element of job security frequently cited by The Council of School Officers is the one-year limit on principal contracts, a vestige of the D.C. Financial Responsibility and Management Assistance Authority which took over operations of D.C. schools in the late 1990s.

Student Learning Plans

Also, in response to the SBOE request last January, ODCA contracted with George Washington University’s Education Consortium on Research and Evaluation (EdCORE) to study issues and options on student learning plans as one strategy to improve student outcomes. Student learning plans are being used across the country as a tool for educators to support, personalize, and track student learning and progress. The FY 2019 ODCA report, [*Student Learning Plans: Options for a Pilot Project in D.C.*](#), describes how such plans could be used in D.C. to ensure that students remain college- and career-ready upon graduation.

2018 Performance Report

I have included with the testimony the ODCA performance report for FY18 and performance plan for FY19. Our Key Performance Indicators are an effort on our part to measure impact and that was the goal when a staff committee developed the measures in 2016. Our three performance indicators are:

- The number of times the Council has acted based on ODCA reports or other ODCA information. (12 in FY18 and a goal of 12 actions for FY19.)
- The percentage of recommendations implemented within one year. (30% in FY17; not yet available for FY18 and 55% as a goal for FY19.)
- The percentage of engagements completed within 10 months. (54% in FY18 and a goal of 60% for FY19.)

We had a fourth KPI—the percentage of surveyed auditees and stakeholders who responded that an engagement was “very valuable” or “valuable.” We are dropping that this year because our response rate was so poor that the very high approval rating was simply not useful. We are exploring how other audit shops measure how well audits are received by auditees and others and hope to add back a fourth metric by next year.

The final KPI listed here—the proportion of projects completed in 10 months—is aimed at increasing our productivity. We have also experimented with an option offered by our auditing database suite to help measure the cost of each of our projects through regularly reporting staff time. This also helps us have more perspective on the price we pay for contract audits which we typically undertake when it is important to bring subject matter expertise to bear on a subject, such as the enrollment audit published last year and the education data audit we have just initiated. For some of our major projects completed in FY 2018 we have the following estimated staff costs:

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| • First Source law report and white paper | \$175,744 |
| • Housing Production Trust Fund 2017 management audit | \$152,451 |
| 2018 data report | \$100,709 |
| • Worksite parking | \$184,095 |
| • Overtime | \$147,480 |

A case study of Department of Consumer and Regulatory Affairs housing inspections undertaken by a consultant cost \$53,045. Our largest project, the enrollment study conducted by a trio of consultants, cost \$523,921. Both totals include ODCA staff time supervising contractors.

These snapshots of audit costs have helped us assess the factors that contribute to the length of time required by individual projects and the quality of supervision provided to ODCA audit teams. It has proven to be a useful management tool and we have internal discussion underway now on whether to continue to track staff time.

A final addition to our annual performance reporting has been the implementation of Enterprise Risk Management at ODCA. In addition to our quality control and peer review efforts, over the last two years one of our senior auditors was trained in Enterprise Risk Management. In 2018 he led the staff in developing an ERM process for ODCA. We completed and approved our first ODCA Risk Register including risk treatments and continue to work on mitigation strategies. The steps in this process included a risk brainstorm session, voting on and ranking the risks we identified, discussions among staff committees and among senior management on the risk treatments, and a follow up discussion at an all-staff meeting. We also include the risk discussion as part of our annual performance review which provides an opportunity to update the Risk Register. Because of the in-house expertise developed through the ODCA ERM, we are also prepared to work with other agencies on risk assessments and mitigation plans.

Challenges

I mentioned above one of our persistent challenges: staff productivity. We seek to be as timely as we can be especially when a member of the Council has requested a particular study. One Councilmember wrote to me in December to complain about the length of time it had taken for ODCA to produce a report he had requested. This was a legitimate criticism, as the report went well beyond a reasonable amount of time to complete. There were many factors involved here including staff departures and staff members on leave, but another factor has been the quality of supervision within ODCA. To address this challenge I initiated a staff reorganization last fall, and believe we are already seeing positive results from a more sustained level of supervision and accountability among staff.

A second type of challenge has to do with our dependence on receiving information from other parts of the District government to complete our work. You are aware through correspondence from me that we did not produce one of our statutorily required reports this past year—the ANC Annual Report—because we did not receive necessary information from the Office of the Advisory Neighborhood Commission (OANC). As stated in a letter September 21, 2018, “OANC has not provided sufficient documentation for ODCA to conduct a thorough analysis of the financial activities of the District’s 40 ANCs, and therefore the annual report cannot be completed. Without this required annual report, the public and Council are uninformed about the consolidated financial activities and holdings of the District’s 40 ANCs, which receive approximately \$678,000 of appropriated government funding annually.” The letter to you and to Councilmember Anita Bonds, who then chaired the ANC oversight committee, recommended that you review these issues with the leadership of the OANC.

ODCA Accomplishments

Among the major reports we issued in FY 2018 in addition to the education work mentioned earlier were:

- A report and white paper on the District’s First Source hiring program which found that fewer than one-fifth of the law’s provisions have been effectively implemented, and the Department of Employment Services does not have policies and procedures in place to effectively monitor

the program. In addition, we found a lack of documentation that hiring requirements have been met, including specific commitments associated with the Line Hotel in Adams Morgan.

- The final report in our series on the Housing Production Trust Fund documented that more than \$1 billion has been invested by the fund since 2001 but found that some funds were used for purposes not explicitly intended such as repaying the federal Department of Housing and Urban Development and for agency staff salaries and benefits.
- A report on the District's Worksite Parking program which found the Department of General Services (DGS) did not effectively manage the Worksite Parking Program, which led to inconsistent treatment of program participants, some free employee parking, and loss of revenue to the District.
- A May 2018, report found that overall overtime expenditures ballooned in the last six years from \$40.5 million in FY11 to \$109.2 million in FY17. A close review of spending by four agencies found examples where overtime was made necessary by a lack of fulltime equivalent positions, and that one new agency in the sample, the Department of Forensic Sciences, brought overtime costs down significantly through hiring permanent staff.

We provided testimony before the Council on a variety of subjects in 2018 including:

- January 10, 2018, before the Committee on Labor and Workforce Development on the Marion S. Barry Summer Youth Employment Program.
- April 17, 2018, provided a written statement to the Committee on Housing and Neighborhood Revitalization budget hearing on the Housing Production Trust Fund.
- May 22, 2018, provided written testimony to the Committee on Education on the future of school reform based on earlier ODCA work on the Public Education Reform Amendment Act of 2007 and related issues.
- June 21, 2018, provided testimony before the Committee on Labor and Workforce Development on the First Source Employment Program.
- October 31, 2018, provided testimony before the Committee of the Whole on the ODCA Report, *Housing Code Enforcement: A Case Study of Dahlgreen Courts*.
- November 28, 2018, provided written testimony on home visiting in the District of Columbia before a joint oversight hearing by the Committee on Human Services and Committee on Education.

New Website

On September 28, 2018, we launched our new website with significantly enhanced user-friendliness at www.dcauditor.org. We designed the site to improve accessibility to our reports and other products including testimony and correspondence, as well as other information like job and procurement opportunities. We also launched a new blog, titled *Auditudo*, to share information from our reports in a readily accessible and readable format. We've increased our use of social media including Twitter to share our reports and provide context from our work when related issues are on the front burner publicly.

Cafritz Award

Finally, I would like to acknowledge that a member of our staff, Senior Analyst Ingrid Drake, was one of nine finalists for a Morris & Gwendolyn Cafritz Foundation Award for Distinguished D.C. Government Employees, the annual awards program designed to recognize and reward outstanding performance and exemplary service by D.C. government employees. Ingrid was the “auditor in charge” of our 2018 Housing Production Trust Fund data report, our 2017 report on the city’s vacant and blighted property program, and the 2016 audit of the District’s contract with the Community Partnership for the Prevention of Homelessness—all major undertakings that had a significant impact on the operations of District government programs that affect many of our most vulnerable residents.

Mr. Chairman, my ODCA colleagues and I greatly appreciate the support we have received from you and your staff. I look forward to another productive year on behalf of the Council and the residents of the District of Columbia. I would be happy to respond to any questions. Thank you.

Office of the District of Columbia Auditor

Fiscal Year (FY) 2018 Performance Report

The Office of the District of Columbia Auditor’s (ODCA) mission is to support the Council of the District of Columbia by making sound recommendations to improve the economy, efficiency, and accountability of the District government.

To evaluate how well we are meeting our mission, we use the following Key Performance Indicators (KPIs). These metrics are designed to track our annual progress in meeting our goals to be responsive to the Council, craft implementable recommendations, conduct work that is valuable to our stakeholders, and complete work products in a timely fashion.

ODCA Key Performance Indicators (KPIs)	FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Target
KPI #1: Number of times the Council has acted based on ODCA reports or other ODCA information	8	13	12	12
KPI #2: Percentage of recommendations implemented within one year*	41%	30%	Not available	55%
KPI #3: Percentage of engagements completed within 10 months	57%	53%	54%	60%

* The data for FY 2018 is not available until the close of FY 2019.

We created KPI #1 to measure how effectively our work meets the needs of the Council and provides a basis for Council actions.

Key Efforts

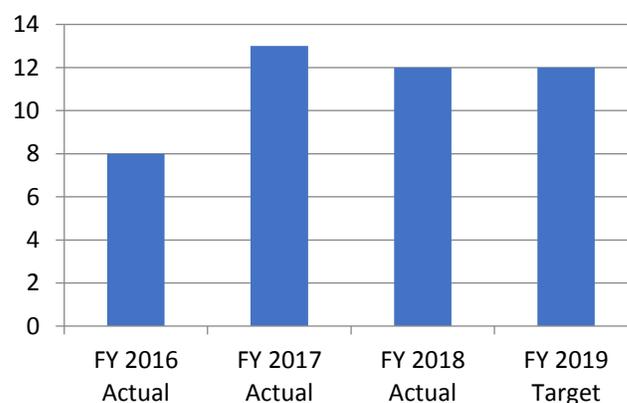
- ◆ Ensure there is a strong and steady flow of communication not just to Councilmembers but also to their staff.
- ◆ Track Council actions to record the impact and relevance of our work.
- ◆ Track contacts (meetings, phone calls, emails, etc.) with Councilmembers and their staff members on Council audit requests and audits being conducted by ODCA.

Definitions

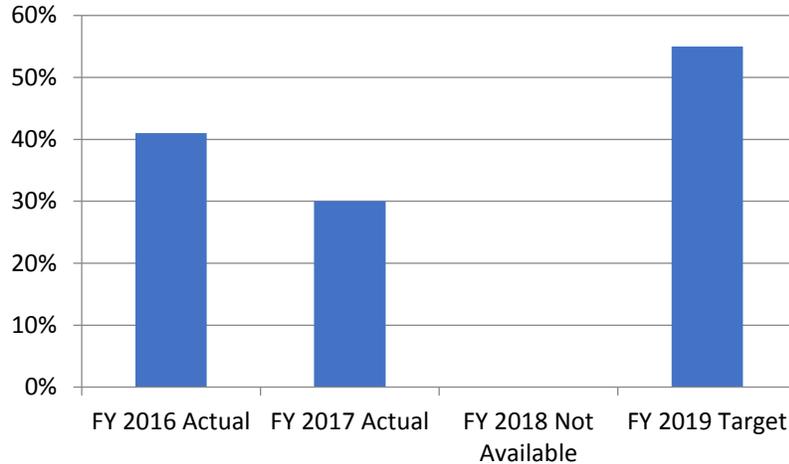
“Acted” may refer to Councilmembers citing ODCA’s work in a hearing, roundtable, briefing, report, or press conference. It also includes issuing a letter, requesting information, or introducing or enacting a law or resolution in response to ODCA’s work.

“ODCA information” may include testimony, meetings, briefings, and letters, etc.

KPI #1: Number of Times the Council has Acted Based on ODCA Reports or Other ODCA Information



KPI #2: Percentage of Recommendations Implemented Within One Year



We created KPI #2 to quantify the relevance and usefulness of our recommendations to agency management and the overall impact of our proposals.

Key Efforts

- ◆ Improve our ability to write recommendations that are clear, focused, and measurable.
- ◆ Engage more directly with agency management throughout audits and evaluations.
- ◆ Improve our skills at uncovering root causes for findings.
- ◆ Create opportunities for others, including members of the D.C. Council, to advocate in support of our recommendations.

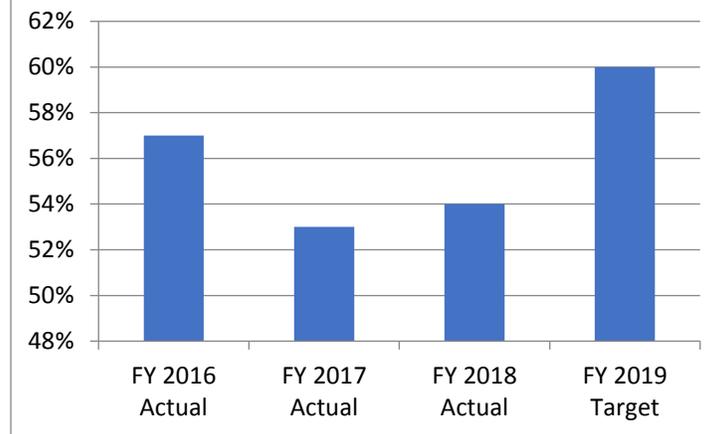
Definitions

Recommendations deemed no longer applicable are not counted.

A recommendation is deemed implemented if the auditee provides proof of implementation within 12 months of report issuance.

Previously, only “Yellow Book” audit recommendations were tracked—those contained in reports meeting requirements of Generally Accepted Government Auditing Standards. Beginning in FY 2016, recommendations made in program evaluation reports and other non-GAGAS audit work products will be tracked in this KPI.

KPI #3: Percentage of Engagements Completed Within 10 Months



We created KPI #3 to increase ODCA's productivity by measuring the ability of our office to produce timely work products.

Key Efforts

- ◆ Create appropriate and well-defined scope and objectives.
- ◆ Dedicate sufficient resources (staff members) to the engagement.
- ◆ Where issues of interest arise that are outside the engagement scope during the project, initiate a separate engagement if warranted, but avoid major revisions or expansions in scope.
- ◆ Ensure continued communication and engagement with the auditee throughout the audit so that the auditee is aware of findings and recommendations as issues arise during the audit.
- ◆ Maintain appropriately updated TeamMate file throughout the engagement (for example, records should be uploaded to TeamMate within two business days of receipt and be properly placed in a procedure step and include complete Source, Purpose, Conclusion annotation).
- ◆ Accurately estimate length of time to completion of engagement at initiation, including appropriate time for internal reviews, creating graphs, etc.
- ◆ Enhance individual staff productivity, improve use of time and improve supervision.

Definitions

Start Date refers to the date that appears on the engagement letter to the auditee. In the case that there is no engagement letter, the start date is the date that appears on an internal workpaper completed at the initiation of the project.

End Date refers to the date we issue the report.