

Performance Audit Report

**Managing for Results
Performance Measures**

**Commerce
Department of Agriculture
Department of Budget and Management
Department of Labor, Licensing and Regulation
Department of Planning
Department of Transportation**

April 2011



**OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY**

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

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April 18, 2011

Bruce A. Myers, CPA
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Delegate Guy J. Guzzone, Co-Chair, Joint Audit Committee
Senator James C. Rosapepe, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We conducted a performance audit to determine the accuracy of selected Managing for Results (MFR) performance measure data reported in the Maryland fiscal year 2011 operating budget request, and/or the *Managing for Results Annual Performance Report* issued in March 2010. We also determined whether adequate control systems were in place for collecting, summarizing, and reporting the performance measure data.

As requested by the chairmen of the legislative budget committees, we are systematically auditing the results of the 62 MFR measures contained in the 2005 *Managing for Results - State Comprehensive Plan*, which was produced by the Department of Budget and Management. This audit is the fifth to be conducted on the 62 measures and focuses on the data reported for the 11 measures contained within the Commerce portion of the *State Comprehensive Plan*. The agencies responsible for reporting these results are the Maryland Department of Labor, Licensing, and Regulation (DLLR), the Maryland Department of Transportation (MDOT), the Department of Budget and Management (DBM), the Department of Agriculture (DOA), and the Department of Planning (DOP). A list of the 62 MFR measures is contained in Exhibit 3 of this report.

As a result of our audit, we have classified each of the 11 measures as either Certified, Certified with Qualification, Inaccurate, or Factors Prevented Certification as noted in the chart on the next page. These designations are further described in Exhibit 2. One of the 11 measures included multiple sub-measure results that were separately evaluated before a conclusion was drawn regarding the certification level for the measure as a whole. If sub-measures within a given measure had differing certification results, we

concluded on the overall certification level for the measure by considering the various sub-measure certification levels and the significance of any variances. The audit results for the 11 measures are as follows:

Level of Certification				Performance Measures Audited (See Exhibit 1)
Certified	Certified with Qualification	Inaccurate	Factors Prevented Certification	
8	-	-	3	11

The primary factor contributing to our inability to certify three measures was that MDOT did not adequately ensure that reported data were accurate. In addition, DOA did not maintain an audit trail that could be used to verify the accuracy of their reported results.

An executive summary of our findings can be found on page 4, and our audit scope, objectives, and methodology are explained on page 14. The responses from the related agencies are included as appendices to this report. We wish to acknowledge the cooperation extended to us by DLLR, MDOT, DBM, DOA, and DOP during the audit.

Respectfully submitted,

Bruce A. Myers, CPA
Legislative Auditor

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Executive Summary

Background Information

In July 1997, the Governor implemented the Managing for Results (MFR) initiative, which is a strategic planning process used by department leaders and others to establish direction and priorities for State programs to achieve meaningful results. MFR requires State agencies to submit missions, goals, objectives, and performance measures for each program as part of the annual budget request. This information may then be considered in determining Statewide spending priorities and the allocation of resources in agency budgets. Effective July 1, 2004, the MFR process was established in State law, with the Department of Budget and Management as the lead agency for developing a State comprehensive plan for MFR. The resultant 2005 *Managing for Results - State Comprehensive Plan* categorized MFR goals into five functional areas, referred to as pillars, which contained a total of 62 measures. Also, State law requires agencies to maintain documentation of the internal controls established to evaluate their performance measures.

As requested by the chairmen of the legislative budget committees, we are systematically auditing these 62 measures. This audit is the fifth to be conducted pursuant to this request and focuses on certain data reported by the Department of Labor, Licensing, and Regulation, Maryland Department of Transportation (MDOT), Department of Budget and Management (DBM), Department of Agriculture (DOA), and the Department of Planning in the Maryland fiscal year 2011 operating budget request or the *Managing for Results Annual Performance Report* for eleven of the thirteen¹ measures contained within the Commerce portion of the *State Comprehensive Plan* (See Exhibit 1). The categories of performance certification are explained in Exhibit 2 of this report, and a list of the 62 MFR measures is contained in Exhibit 3. Exhibit 4 references the first four MFR audit reports issued by our Office, which collectively covered 34 measures in the Public Safety and Safer Neighborhoods, Education, Fiscal Responsibility, and Health portions of the *State Comprehensive Plan*.

¹ Two of the Commerce measures included in the 2005 *Managing for Results - State Comprehensive Plan* were not included in the *Plan* when it was reissued by DBM in November 2009. Furthermore, DBM had not reported on these two measures since March 2008 (reported fiscal year 2007 actual results). Consequently, these two measures were not included in this audit.

Conclusions

We concluded that, for the 11 measures tested, 8 were Certified, and 3 were designated as Factors Prevented Certification. These results are further described in the Findings section of this report.

Recommendations

The following detailed recommendations are among those we made to MDOT and DOA to help strengthen the quality control processes and improve reporting for the measures we audited.

- Establish procedures to ensure that reported data are accurate. For example, MDOT should consider auditing airline passenger count data, at least on a test basis, to verify that the data reported by the airlines was correct.
- Implement procedures to ensure a comprehensive listing of all applicable records is maintained and utilized for reporting.

Findings

Certification Results				
Agency, Program Name and Budget Reference ¹	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
Department of Labor, Licensing and Regulation <i>Managing for Results Annual Performance Report</i> Page 22 Budget Book 2, Page 508	Percent change in Maryland employment from the 2001 baseline. (12 month average)	November 2008 through October 2009 1.57%	Certified	
	Rate that adult employment trainees enter employment	Program Year 2009 77.8%	Certified	

¹ Reference cited is the Maryland fiscal year 2011 operating budget request or March 2010 *Managing for Results Annual Performance Report*, as indicated.

Certification Results

Agency, Program Name and Budget Reference ¹	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments/Causes
Department of Transportation – Maryland Port Administration Budget Book 1, Page 630	General cargo tonnage (millions)	Fiscal Year 2009 7.8	Certified	

¹ Reference cited is the Maryland fiscal year 2011 operating budget request or March 2010 *Managing for Results Annual Performance Report*, as indicated.

Certification Results

Agency, Program Name and Budget Reference ¹	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
Department of Transportation – Maryland Aviation Administration Budget Book 1, Page 653	Annual Baltimore- Washington International Thurgood Marshall Airport passenger growth rate	Calendar Year 2008 -2.64%	Factors Prevented Certification	<p>The Maryland Aviation Administration (MAA) had not implemented a comprehensive process to independently verify airline reported data. MAA relied on passenger count documentation provided by the airlines to calculate the measure and had only limited assurance as to the accuracy of the reported data. Analytical procedures performed by MAA on passenger counts would only detect very significant differences from expected passenger data and did not include data for all passenger types included in the measure (that is, charter passengers). Furthermore, while MAA received summarized reports which included passenger count information on a monthly basis, detailed passenger information supporting these reports was not routinely received from the airlines. MAA internal auditors conducted periodic audits of certain airlines to review compliance with provisions of each airline's contract with MAA. In performing these internal audits, the internal auditors did obtain additional documentation from the airlines to support the reported passenger counts. However, MAA had not conducted any audits related to calendar year 2008 passenger data. Although MAA conducted two airline audits which included 2007 passenger data, one of the audits questioned the adequacy of one airline's internal controls over reporting. For example, the audit noted instances where the airline did not correctly compile its passenger data for reporting to MAA.</p>

¹ Reference cited is the Maryland fiscal year 2011 operating budget request or March 2010 *Managing for Results Annual Performance Report*, as indicated.

Certification Results				
Agency, Program Name and Budget Reference ¹	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
Department of Transportation – State Highway Administration Budget Book 1, Page 617 Budget Book 1, page 618	Percentage of State system roadway mileage with acceptable ride quality	Calendar Year 2008 86%	Certified	
	Percent of bridges on the State portion of the National Highway System that will allow all legally- loaded vehicles to safely traverse	Calendar Year 2009 99%	Certified	

¹ Reference cited is the Maryland fiscal year 2011 operating budget request or March 2010 *Managing for Results Annual Performance Report*, as indicated.

Certification Results

Agency, Program Name and Budget Reference ¹	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
Department of Transportation – Maryland Transit Administration Budget Book 1, Page 642	Total ridership (thousands).	Fiscal Year 2009	Factors Prevented Certification	Overall, the measure was deemed as Factors Prevented Certification. Our review of four of the reported sub-measures (Core Bus, Metro, Light Rail, and MARC) disclosed that only one (Light Rail) was accurately calculated and reported. For the remaining three sub-measures, we found certain weaknesses related to the process of accumulating and/or reporting the data.
	Core Bus	69,846		
	Metro	13,567		The Maryland Transit Administration (MTA) reports Core Bus ridership based on fare box data collected by drivers and subsequently downloaded into an automated fare system. However, we found that drivers did not always account for each passenger as required. According to MTA records for fiscal year 2009, unclassified revenue (revenue recorded as received in the fare box for which the driver did not record a corresponding passenger) totaled \$2.6 million, indicating that ridership may be understated. In addition to ridership reported in its MFR submission, MTA also reports ridership to the Federal Department of Transportation. However, in order to determine this data, MTA uses a federally-approved statistical sampling model that uses independent counts of a specified number of routes throughout the year. The data are then extrapolated to determine total ridership. Based on this method, MTA reported fiscal year 2009 ridership of 87.8 million riders to the Federal Department of Transportation, or 18 million more riders than included in its State MFR submission (a difference of 26 percent). MTA officials could not readily provide an explanation for this difference.
	Light Rail	8,712		
	Mobility Paratransit	1,094		
	Taxi Access	356		
	MARC	8,081		
	Contracted Commuter Bus	<u>3,974</u>		
	Total	<u>105,630</u>		

¹ Reference cited is the Maryland fiscal year 2011 operating budget request or March 2010 *Managing for Results Annual Performance Report*, as indicated.

Certification Results

Agency, Program Name and Budget Reference ¹	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
Department of Transportation – Maryland Transit Administration Budget Book 1, Page 642	Total ridership (thousands) - continued			<p>Metro ridership is based on reports of persons exiting each station as recorded by the automated gates. Although our review disclosed that the reported amount substantially agreed to supporting reports, these reports also disclosed that 184,000 more passengers entered stations than exited. In addition, once MTA places gates in service, it does not conduct any testing or perform other procedures to ensure that the automated system accurately records riders entering or exiting each station.</p> <p>MTA reported MARC train ridership based on reports received from the two vendors who operate the system. The vendors based the reported amounts on physical counts performed by conductors on each train. The conductors prepare count sheets which the vendors tabulate for monthly reporting to MTA. However, our limited testing disclosed that these monthly reports often did not agree to the related daily count sheets. Our test of 40 daily count sheets disclosed that the daily count sheets did not agree to the summaries for 24 of the 40 days tested (for certain days, there were no passengers recorded in the monthly reports). In this regard, while the vendors periodically provided the daily count sheets to MTA, MTA did not reconcile the monthly summary to the corresponding daily count sheets. Our review also found that the daily counts as reported on the monthly summaries often remained unchanged for a number of consecutive days. Our review of the June 2009 summary from one vendor disclosed numerous instances where the ridership remained unchanged for four or more consecutive days. While we cannot categorically state that such information is erroneous, the number of occurrences with identical ridership counts appears highly unlikely.</p>

¹ Reference cited is the Maryland fiscal year 2011 operating budget request or March 2010 *Managing for Results Annual Performance Report*, as indicated.

Certification Results

Agency, Program Name and Budget Reference ¹	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
Department of Budget and Management <i>Managing for Results Annual Performance Report</i> Page 22	Home Ownership	Calendar Year 2009 69.7%	Certified	
	Annual percent change in Maryland per capita personal income	Calendar Year 2008 2.82%	Certified	

¹ Reference cited is the Maryland fiscal year 2011 operating budget request or March 2010 *Managing for Results Annual Performance Report*, as indicated.

Certification Results

Agency, Program Name and Budget Reference ¹	Performance Measure (See Exhibit 1 for Definitions)	Results Reported	Level of Certification (See Exhibit 2)	Comments / Causes
Department of Agriculture – Maryland Agricultural Land Preservation Foundation Budget Book 2, Page 25	Total acres enrolled in agriculture preservation districts	Fiscal Year 2009 443,811 acres	Factors Prevented Certification	The Department of Agriculture (DOA) did not maintain a comprehensive listing of all property enrolled in agricultural preservation districts to substantiate the reported measure result. To recreate the measure results would involve reviewing approximately 5,000 land owner files for initial district agreements, amendments to agreements (addition or deletion of acres from district), and agreement terminations. Furthermore, DOA management advised us that the fiscal year 2009 acres it reported was incorrect noting that it should have reported 435,315 acres.
Department of Planning – Maryland Historical Trust Budget Book 1, Page 295	Value of rehabilitation expenditures approved for the State Rehabilitation Tax Credit for restoration and preservation of historic properties	Fiscal Year 2009 \$13 million	Certified	

¹ Reference cited is the Maryland fiscal year 2011 operating budget request or March 2010 *Managing for Results Annual Performance Report*, as indicated.

Scope, Objectives, and Methodology

Scope

Under the authority of the State Government Article, Section 2-1221 of the Annotated Code of Maryland, we conducted an audit of selected performance measure results reported in the Maryland fiscal year 2011 operating budget request, or measure results that were reported in the *Managing for Results Annual Performance Report* dated March 2010. The audit was performed 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.

As requested by the chairmen of the legislative budget committees, we are systematically auditing the performance measures from the 2005 *Managing for Results - State Comprehensive Plan* produced by the Department of Budget and Management (DBM). This Plan included 62 performance measures categorized into five functional areas referred to as pillars.² This audit is the fifth to be conducted pursuant to this request and focuses on the 11 performance measures from the Commerce functional area as reported by DBM in its *Managing for Results Annual Performance Report*.

Objectives

The objectives of our audit were (1) to determine whether the most recent actual measurement results for the selected performance measures were accurately reported in the Maryland fiscal year 2011 operating budget request (or the *Managing for Results Annual Performance Report* dated March 2010) and (2) to determine whether adequate control systems existed over the collection and reporting of the data related to the measurement results. Our performance audit did not include an assessment of whether the performance measures reviewed were consistent with the goals and objectives of the related programs, or were meaningful indicators of program performance.

Methodology

To accomplish our objectives, we interviewed Maryland Department of Transportation (MDOT), Department of Labor, Licensing and Regulation (DLLR), DBM, Department of Agriculture (DOA) and the Department of

² DBM reissued the *State Comprehensive Plan* in November 2009 with 98 performance measures categorized into six functional areas. The measures under this new *Plan* will generally be reported on by State agencies beginning with the fiscal year 2012 budget cycle.

Planning (DOP) personnel responsible for collecting and reporting the measure data, reviewed performance measure calculations for accuracy, reviewed the data collected and reported for the performance measures, and determined whether the calculations and data were consistent with the definitions of the performance measures as noted in Exhibit 1. We also analyzed these agencies' performance measurement data collection and reporting activities to evaluate whether proper controls existed to ensure data integrity. Where the State agency used data received from a federal government agency to calculate the measure, our audit scope did not include procedures to test the reliability of the federal agency reported data. However, we did review the responsible federal agency's reported methodology for collection and publication of the data and deemed the methodology to be reasonable.

We developed a system to categorize the results of our audit of performance measures. The four categories represent varying levels of certification of the accuracy of the performance reported. The categories of performance certification are defined in Exhibit 2. If, during the course of our audit of a measure, we found circumstances that would require us to conclude that factors prevented certification of the measure, we did not perform additional audit work that may have disclosed other factors that might have adversely impacted the reported results.

Our fieldwork was conducted on site at MDOT, DLLR, DBM, DOA, and DOP during the period from June 2010 to December 2010. The responses from these agencies to our findings and recommendations appear as appendices in this report. As prescribed in State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise these agencies regarding the results of our review of their responses.

Exhibit 1

Definitions of the Commerce Performance Measures Audited

Page 1 of 3

Performance Measure	Definition ³
Percent change in Maryland employment from the 2001 baseline (12-month average)	This measure is calculated from data obtained from the Federal Bureau of Labor Statistics, and placed on the Department of Labor, Licensing and Regulation's (DLLR) website. The calculation is made based on a 12-month average. The current 12-month data (November 2008 through October 2009) is then compared to the 2001 baseline to obtain the percent change.
Rate that adult employment trainees enter employment	<p>DLLR provides funding for employment and training services (such as resume writing, interviewing skills, and computer workshops) to job seekers in an effort to increase the employment, retention, and earnings of participants. This measure was designed to report the percentage of program participants that entered employment after completion of the program services.</p> <p>This measure is calculated by the number of adults who have entered employment by the end of the first quarter after exiting the program divided by the number of adults who exit during the quarter.</p>
Total general cargo (tonnage)	The Maryland Port Administration (MPA) total general cargo is the foreign and domestic waterborne cargo that crosses MPA terminals, and not classified as bulk cargo. Also, it includes the weight of the goods and not the weight of the containers or empty containers.

³ The definitions are substantially derived from those provided to the Department of Budget and Management (DBM) in annual State agencies' Managing for Results budget submissions and DBM's *Managing for Results Annual Performance Report*. Additional information, such as data sources, was included in certain definitions in this exhibit for informational purposes. Also, certain definitions were shortened to enhance readability.

Exhibit 1

Definitions of the Commerce Performance Measures Audited

Page 2 of 3

Performance Measure	Definition
Annual Baltimore-Washington International Thurgood Marshall Airport passenger growth rate	This measure includes all persons who board or disembark from a commercial aircraft for the most recent calendar year as compared to the preceding calendar year. General aviation passengers (that is, flights other than military and scheduled airline and regular cargo flights) and transit passengers are not included in the passenger counts. Passenger figures are supplied to the Maryland Aviation Administration on a monthly basis by air carriers.
Percent of State system roadway mileage with acceptable ride quality	Acceptable ride quality is defined as the percent of State Highway Administration (SHA) roadway network in very good, good, and fair condition based on Federal Highway Administration ride quality conditions. Ride quality is represented by the International Roughness Index (IRI) which is measured by SHA through an Automated Road Analyzer, which drives over the surface and records the IRI. Surfaces below a predetermined IRI values are considered acceptable (that is, very good, good or fair). Certain portions of the state roadway system (for example, roadways less than one mile long, ramps) are excluded from this measure.
Percent of bridges on the State portion of the National Highway System that will allow all legally loaded vehicles to safely traverse	SHA calculates this measure by subtracting the number of SHA bridges carrying vehicle traffic that are weight posted (that is, weight limited or restricted) from the total number of SHA bridges according to a database maintained by SHA. This number becomes the numerator and is then divided by the number of SHA bridges (the denominator). Weight posted bridges are those that are deemed not able to safely carry the maximum weight of a legally loaded vehicle (80,000 lbs.), and therefore a weight limit is posted on the bridge. Weight restrictions are based on periodic inspections of bridges by SHA and/or contractor personnel.

Exhibit 1

Definitions of the Health Performance Measures Audited

Page 3 of 3

Performance Measure	Definition
Total Ridership (thousands)	<p>Total unlinked passenger trips for each of the Maryland Transit Administration modes of transportation (such as Core bus, Metro, Light Rail, Contract Commuter Bus, and MARC trains).</p> <p>Unlinked passenger trips refer to counting a passenger each time they board a vehicle, even if the boarding may be the result of a transfer from another route. This methodology represents a nationally recognized method for calculating transit ridership.</p>
Home Ownership	Home Ownership as reported by the United States Census Bureau. According to the U.S. Census, the measure is defined as the number of owner-occupied housing units as a percentage of all occupied housing units.
Annual percent change in Maryland per capita personal income	The measure is calculated based on calendar year income data developed and published by the U.S. Department of Commerce, Bureau of Economic Analysis.
Total acres enrolled in agricultural preservation districts	Agricultural land preservation district agreements represent voluntary 5-year restrictions on landowner's right to develop a farming property eligible for the Maryland Agricultural Land Preservation Fund (MALPF) program in return for the ability to offer to sell an easement to MALPF. The total acreage represents the previous year's total adjusted for additions and deletions (based on removal from the program or modifications to existing agreements).
Value of rehabilitation expenditures approved for the State Rehabilitation Tax Credit for restoration and preservation of historic properties	This measure is reported by the Department of Planning (DOP) - Maryland Historical Trust, and represents the total value of residential rehabilitation expenditures approved in the reported fiscal year. Amounts approved are documented on submitted applications as recorded by DOP in its Tax Credit database.

Exhibit 2

Categories of Performance Certification

Category	Definition
Certified	Reported performance was reasonably accurate.
Certified with Qualification	Reported performance was reasonably accurate even though minor deficiencies were noted with the supporting documentation, controls were not sufficient, or the methodology used to calculate reported performance was not consistent with the measure definition.
Inaccurate	Reported performance differed significantly from actual performance; the calculation process was wrong, such as excluding data relevant to the calculation; or, as reported, the measure was misleading, such as failing to disclose the measure as a rate when applicable.
Factors Prevented Certification	Reported performance could not be verified, as documentation was unavailable, controls were not adequate to ensure the accuracy of the results, or results were not presented in a manner consistent with the performance measure description.

Exhibit 3
Managing for Results – State Comprehensive Plan
List of 62 Performance Measures in Plan

Page 1 of 4

Performance Area	
Goal	
MFR Measure	
Public Safety and Safer Neighborhoods	
Keeping Maryland communities safe – measured by	
1	Firearm homicide rate per 100,000 (calendar year)
2	Recidivism: Percent of offenders returned to Department of Public Safety and Correctional Services supervision for a new offense within one year of their release from the Division of Correction - all releases
3	Traffic fatality rate per 100 million miles traveled (calendar year)
Maintaining necessary security standards in correctional institutions – measured by	
4	Number of inmates who escape from all Division of Correction Facilities, Patuxent Institution, and Division of Pretrial Detention and Services facilities (in aggregate)
5	Total number of inmates who walk off from Division of Correction minimum security settings, prerelease or alternative confinement settings (in aggregate)
Providing effective rehabilitation and treatment services to offenders or substance abusers – measured by	
6	Percent of Proactive Community Supervision cases closed where the offender had satisfactorily completed substance abuse treatment programs
Preventing youth violence, alcohol and substance abuse – measured by	
7	Violent offense arrest rate for youths between 15 and 17 years of age (per 100,000 children per calendar year)
8	Recidivism: Percent of youth re-adjudicated or reconvicted within 1 year after release
9	Percent of 12th grade public school children who report using alcohol within the last 30 days
10	Percent of 10th grade public school children who report using heroin within the last 30 days
Protecting the well being of children – measured by	
11	Rate of injury-related deaths due to accidents to children and youth between 0 and 19 years of age (per 100,000 children per calendar year)
12	Percent of children with recurrence of maltreatment within six months of first occurrence
13	Statewide percent of current child support paid (Includes cases for persons who receive public assistance, and for other persons who apply for child support services from the Department of Human Resources)

Exhibit 3
Managing for Results – State Comprehensive Plan
List of 62 Performance Measures in Plan

Page 2 of 4

Performance Area	
Goal	
MFR Measure	
Education	
Children will enter school ready to learn – measured by	
1	Percent of students entering Kindergarten demonstrating Full Readiness on the Work Sampling System Kindergarten Assessment
Children will be successful in school – measured by	
2	Percent of students scoring proficient or better by grade and content area <ul style="list-style-type: none"> • Reading – Grade 3 – Total all groups • Reading – Grade 8 – Total all groups • Reading – Grade 10 – Total all groups • Mathematics – Grade 3 – Total all groups • Mathematics – Grade 8 – Total all groups • Algebra – Total all groups
Children will complete school – measured by	
3	High School Graduation Rate
4	Percent of children in grades 9 through 12 who drop out of school in an academic year
Schools will promote high levels of learning – measured by	
5	Percent of schools demonstrating Adequate Yearly Progress in reading – State totals
6	Percent of schools demonstrating Adequate Yearly Progress in mathematics – State totals
Higher Education	
Promoting access and academic success in postsecondary education – measured by	
1	Six year graduation rate of first-time, full-time students at Maryland public four-year colleges and universities (all groups)
2	Percent of bachelor's degrees awarded to racial/ethnic minorities at public and private Maryland colleges and universities
3	Number of community college students who transfer to a Maryland public four-year campus
Producing an educated and skilled workforce including addressing the State's critical workforce and healthcare needs – measured by	
4	Number of graduates in teaching from Maryland's public and private higher educational institutions
5	Percent of teacher candidates from Maryland public and private higher educational institutions who pass Praxis II
6	Number of graduates in nursing from Maryland public and private higher educational institutions

Exhibit 3
Managing for Results – State Comprehensive Plan
List of 62 Performance Measures in Plan

Page 3 of 4

Performance Area	
Goal	
MFR Measure	
Health	
Promoting health and well being: Babies Born healthy – measured by	
1	Infant mortality rate for all races (per 1,000 live births)
2	Rate of live births to adolescents between 15 and 19 years of age (per 1,000 women)
Promoting health and well being: Healthy children, adolescents, and adults – measured by	
3	Percent of Maryland children fully immunized (by 24 months)
4	Number of children under 6 years of age with elevated blood lead levels ($\geq 10\mu\text{g/dl}$)
5	Cumulative percent change from the calendar year 2000 baseline for underage high school students smoking cigarettes
6	Overall cancer mortality rate per 100,000 persons (age adjusted to 2000 U.S. Standard Population)
7	Percent change in number of new HIV cases from calendar year 2007 baseline
8	Rate of primary/secondary syphilis incidence (cases per 100,000 population)
9	Number of reported cases of vaccine preventable communicable diseases including hepatitis A, measles, mumps, pertussis
Promoting health and well being: Services to the disability community – measured by	
10	Number of people with disabilities who achieved successful employment through assistance by the Department of Education's Disability Rehabilitation Services rehabilitation programs
11	Percent of Developmental Disabilities Administration Community Service respondents of the "Ask ME!" survey who expressed satisfaction with physical well-being, personal development, and self-determination (reported separately)
Promoting health and well being: Substance abuse treatment – measured by	
12	Percent of substance use decrease during substance abuse treatment
Promoting health and well being: Mental health services – measured by	
13	Percent of adults who report mental health services have allowed them to deal more effectively with daily problems
Environment	
Restoring the health of the Chesapeake Bay and its living resources – measured by	
1	Acres of submerged aquatic vegetation
2	Blue crab landings (3 year average)
3	Oyster landings (3 year average)
4	Estimated nitrogen load to the Chesapeake Bay from Maryland (in million pounds)
Improving and protecting water quality and ensuring safe drinking water – measured by	
5	Watersheds impaired by nutrients
6	Percent of Marylanders served by public water systems in significant compliance with all rules adopted as of 2002

Exhibit 3
Managing for Results – State Comprehensive Plan
List of 62 Performance Measures in Plan

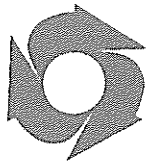
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Performance Area	
Goal	
MFR Measure	
Ensuring clean air – measured by	
7	Three-year average of days the one-hour ozone standard was exceeded
Restoring contaminated industrial sites to productive use – measured by	
8	Number of acres of property in the Voluntary Clean-up Program completed and a No Further Requirements Determination or a Certificate of Completion issued
Reducing hazardous waste and hazardous materials in the environment – measured by	
9	Number of remedial actions at all State Superfund sites that are completed
Commerce	
Helping businesses to grow and create jobs – measured by	
1	Percent change in Maryland employment from the 2001 baseline (12 month average)
2	Rate that adult employment trainees enter employment
3	Maryland Port Administration total general cargo tonnage (thousands)
4	Estimated direct expenditures from film, television, and other production activities in Maryland (Measure not audited - not included in the Comprehensive Plan reissued in November 2009)
5	Annual Baltimore Washington International Airport passenger growth rate
Improving the State's transportation infrastructure – measured by	
6	Percent of State system roadway mileage with acceptable ride quality
7	Percent of bridges on the State portion of the National Highway System that will allow all legally loaded vehicles to safely traverse
8	Total ridership for bus and rail transit (in thousands)
9	System Preservation Funding Levels in the Consolidated Transportation Program (in millions) (Measure not audited - not included in the Comprehensive Plan reissued in November 2009)
Invigorating communities – measured by	
10	Home ownership
11	Annual percent change in Maryland per capita personal income
12	Total acres enrolled in agricultural preservation districts
Making the most of Maryland's history and culture – measured by	
13	Value of rehabilitation expenditures approved for the State Rehabilitation Tax Credit for restoration and preservation of historic properties
Fiscal Responsibility	
Effective resource management – measured by	
1	Number of fiscal years closed with a positive General Fund balance
2	Maintaining a triple A bond rating from all three nationally recognized bond rating agencies for each issuance of State General Obligation Bonds

Exhibit 4
Managing for Results Audit Reports
Previously Issued by the Office of Legislative Audits
Pertaining to the 62 Measures

Report	Report Date	Number of Measures Audited
Public Safety and Safer Neighborhoods	March 19, 2009	13
Education	October 2, 2009	6
Fiscal Responsibility	March 31, 2010	2
Health	February 4, 2011	13

APPENDIX



Maryland Department of Transportation
The Secretary's Office

Martin O'Malley
Governor

Anthony G. Brown
Lt. Governor

Beverley K. Swaim-Staley
Secretary

Darrell B. Mobley
Deputy Secretary

April 14, 2011

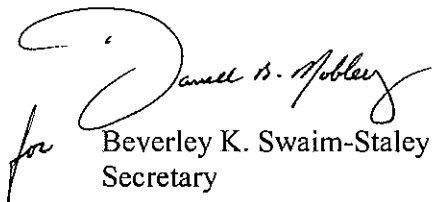
Bruce A. Myers, CPA
Legislative Auditor
Department of Legislative Services
Office of Legislative Audits
Room 1202
301 West Preston Street
Baltimore MD 21202

Dear Mr. Myers:

Enclosed please find the Maryland Department of Transportation's responses to the draft Managing for Results Performance Measures audit report dated March 2011. Additionally, an electronic version of this document has been sent to your office via e-mail (file name: MDOTMFRResponseApril2011.doc) to response@ola.state.md.us.

If you should have any questions regarding these responses, please do not hesitate to contact Mr. David L. Fleming, Chief Financial Officer at 410-865-1035 or via email at dfleming@mdot.state.md.us.

Sincerely,


for **Beverley K. Swaim-Staley**
Secretary

Enclosure

cc:

Mr. Patrick B. Bradley, Director, Office of Finance and Administration, Maryland
Aviation Administration
Mr. David L. Fleming, Chief Financial Officer, Maryland Department of Transportation
Mr. Joseph J. Lambdin, Director, Office of Audits, Maryland Department of
Transportation
Mr. Darrell B. Mobley, Deputy Secretary, Maryland Department Of Transportation
Mr. Simon Taylor, Deputy Administrator, Finance and Administration, Maryland Transit
Administration
Mr. Raligh T. Wells, Administrator, Maryland Transit Administration
Mr. Paul J. Wiedefeld, Executive Director, Maryland Aviation Administration

Maryland Department of Transportation
Managing for Results Performance Measures
Audit Report Responses
Report Issued March 2011

Recommendation 1-Maryland Aviation Administration:

The following detailed recommendations are among those we made to MDOT to help strengthen the quality control processes and improve reporting for the measures we audited.

- Establish procedures to ensure that reporting data are accurate. For example, MDOT should consider auditing airline passenger count data, at least on a test basis, to verify that the data reported by the airlines was correct.
- Implement procedures to ensure a comprehensive listing of all applicable records is maintained and utilized for reporting.

MAA Response:¹

MAA agrees with the intent of the auditor's recommendation and believes that its current practices provide assurance as to the accuracy of the reported passenger data.

- MAA internal auditors conduct periodic audits of airlines to review compliance with provisions of each airline's contract with the MAA. In FY 2011, MAA audited two major domestic airline carriers and plan to audit a major international carrier as well. The three airlines represent about 70 percent of annual total passengers handled at Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall). Audits conducted by MAA personnel previously, as well as including the two recent domestic airlines audits mentioned, found no material discrepancies in airline reported passenger counts. One audit report in 2007 had minor discrepancies.
- MAA has a reasonable level of analytical procedures in place to determine whether the airlines are reporting the passenger counts accurately. Each month, the MAA compares the load factor at BWI Marshall with the load factor of the North American system for each carrier operating at BWI Marshall. In addition, the MAA compares the reported landings with the scheduled landings for each month to determine the reasonableness of the reporting. As of the fall of 2010, the MAA also compares the landings reported by the carrier to information from a passive radar system at BWI Marshall to ensure that the landing information is accurate. Lastly, the FAA releases enplaned passenger data on an annual basis and the MAA compares enplaned passenger data reported to the MAA versus the information reported to the FAA. If any of the above shows any potential

¹ **Auditor's Comment:** We evaluated all of these procedures during the course of the audit and neither we nor MDOT/MAA could identify a competent independent source that verified the data used for the reported performance measure, as explained in our Comments/Causes on page 8. Specifically, MDOT/MAA relied solely on data received directly from the airlines without validating the data. Furthermore, there was no evidence to support that TSA security information was used by any agency to substantiate passenger count data. In this regard, we also note that the enplanement security information would not substantiate the arrival destinations where passengers actually deplaned for flights with more than one-stop itineraries.

inaccuracies, the carrier is contacted by MAA for an explanation and/or a revised landing report.

- The FAA operates in a similar manner. According to FAA, passenger data provided by airlines is merged in to the Air Carrier Activity Information System, which is reviewed by the FAA personnel. If there are erroneous or inconsistent data found, FAA contacts the air carrier for resolution of the matter before finalizing the data. In addition, FAA conducts an annual survey for the operations of non-scheduled (charter) activity.
- In addition, TSA's Secure Flight Program requires airlines to collect a passenger's full name, date of birth, gender and Redress Number (if applicable) for all passengers so that TSA can perform "No-Fly" watch list verification. Boarding pass will not be issued until the airline submits complete passenger data to Secure Flight. Further, boarding passes are verified by the TSA security personnel with proper identification prior to boarding the aircraft. It would be almost impossible for airlines to manipulate any passenger information, given the passenger reporting requirements not only to MAA, but also to FAA and TSA.
- In summary, passenger information is concurrently reviewed by TSA and is subsequently verified by MAA and FAA. These practices should provide sufficient controls to ensure the reported passenger data is accurate.

**Maryland Department of Transportation
Managing for Results Performance Measures
Audit Report Responses
Report Issued March 2011**

Recommendation 2-Maryland Transit Administration:

The following detailed recommendations are among those we made to MDOT to help strengthen the quality control processes and improve reporting for the measures we audited.

- Establish procedures to ensure that reporting data are accurate. For example, MDOT should consider auditing airline passenger count data, at least on a test basis, to verify that the data reported by the airlines was correct.
- Implement procedures to ensure a comprehensive listing of all applicable records is maintained and utilized for reporting.

MTA Response:

The MTA agrees with the auditor's finding and recommendations. The auditors raised three specific concerns with respect to MTA's ridership counts for Core Bus, Metro Subway, and MARC Train service.

- **Core Bus:** The MTA recognizes that there is a variance between the federally approved method of counting ridership and the method used to report ridership under the Managing for Results program. This variance has existed since the inception of MFR. The MTA is working to use an industry-standard technology, Automated Passenger Counts, that will provide a more accurate count. APCs count riders as they board and alight a vehicle. This data is downloaded and becomes available for use as ridership statistics. APCs must be maintained and a portion of MTA's fleet are not equipped with this technology at this time; however, the MTA believes that this technology will improve bus ridership data reporting in the future.
- **Metro Subway:** From time to time, the MTA is not able to fully staff a Metro station. Without a station attendant on site, there is not a mechanism to allow egress for disabled patrons. As a result, station attendants have typically opened all fare gates, allowing all passengers to exit the system without using their pass in the fare gate. The uncounted trips, as noted by the auditor, are less than 1% of the Metro trip total for the year. The CharmCard, an electronic pass product, requires all riders to tap their card on exit. If riders skip this step, their card will not work properly when they next enter a station or a bus to ride. The MTA has been educating customers about this feature and as more riders obtain CharmCards, the MTA hopes that the incidence of riders failing to properly use an exit fare gate will decrease.
- **MARC Train:** The MTA contracts with two operators, Amtrak and CSX, for passenger rail service. These vendors are required to submit counts of passengers onboard each train to the MTA. During peak hours it can be difficult for conductors to pass through trains

and get an accurate count of all seated and standing passengers. Nonetheless the MTA agrees that this data is an important element of our contracts with Amtrak and CSX. The MTA will continue to stress the importance of this data at quarterly meetings and in other communications to ensure accurate ridership reporting.

The MTA appreciates the advice and guidance of the auditors with regard to ridership data and will continue to improve its ridership data collection systems to minimize the potential for misreporting.



Maryland Department of Agriculture

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Office of the Secretary

Martin O'Malley, Governor
Anthony G. Brown, Lt. Governor
Earl F. Hance, Secretary
Mary Ellen Setting, Deputy Secretary

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April 6, 2011

Mr. Bruce A. Myers, CPA
Legislative Auditor
State of Maryland – Office of Legislative Audits
State Office Building, Room 1202
301 West Preston Street
Baltimore, Maryland 21201

Dear Mr. Myers:

Attached you will find our responses to your draft audit report dated March, 2011.

If you have any questions or specific issues regarding our response, please contact Jim Wallace at (410) 841-5855.

Sincerely,

Earl F. Hance
Secretary

/sf

AGENCY RESPONSE TO MANAGING FOR RESULTS AUDIT REPORT DRAFT

Agricultural Land Preservation Foundation Certification Results Budget Book 2, Page 25

Total Acres Enrolled

The Department concurs. However, due to the termination of agricultural districts as of June 30, 2008, this measure has been rendered meaningless to program staff. The criticism is valid also for other program performance measures. The program has started building a database with easement information and is not in the process of data verification. This should be completed by June 30, 2011.

AUDIT TEAM

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