

Program Name: State Construction Office

Measurability Assessment Conducted by Program Evaluation Division

Overall Indicator Ratings and Table of Contents

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	Meets	Partially Meets	Does Not Meet	
1. Program does not duplicate other related programs.			✓	140
2. Program has a problem definition.			✓	141
3. Program has a logic model.		✓		142
4. Program is evidence-based.			✓	143
5. Program has conducted a scalability analysis.			✓	144
6. Program has a strategic plan.		✓		145
7. Program has performance measures.		✓		146
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13. Program has an accounting system.	✓			153
14. Program is audited.		✓		154

State Construction Office

The State Construction Office is a division within the Department of Administration.

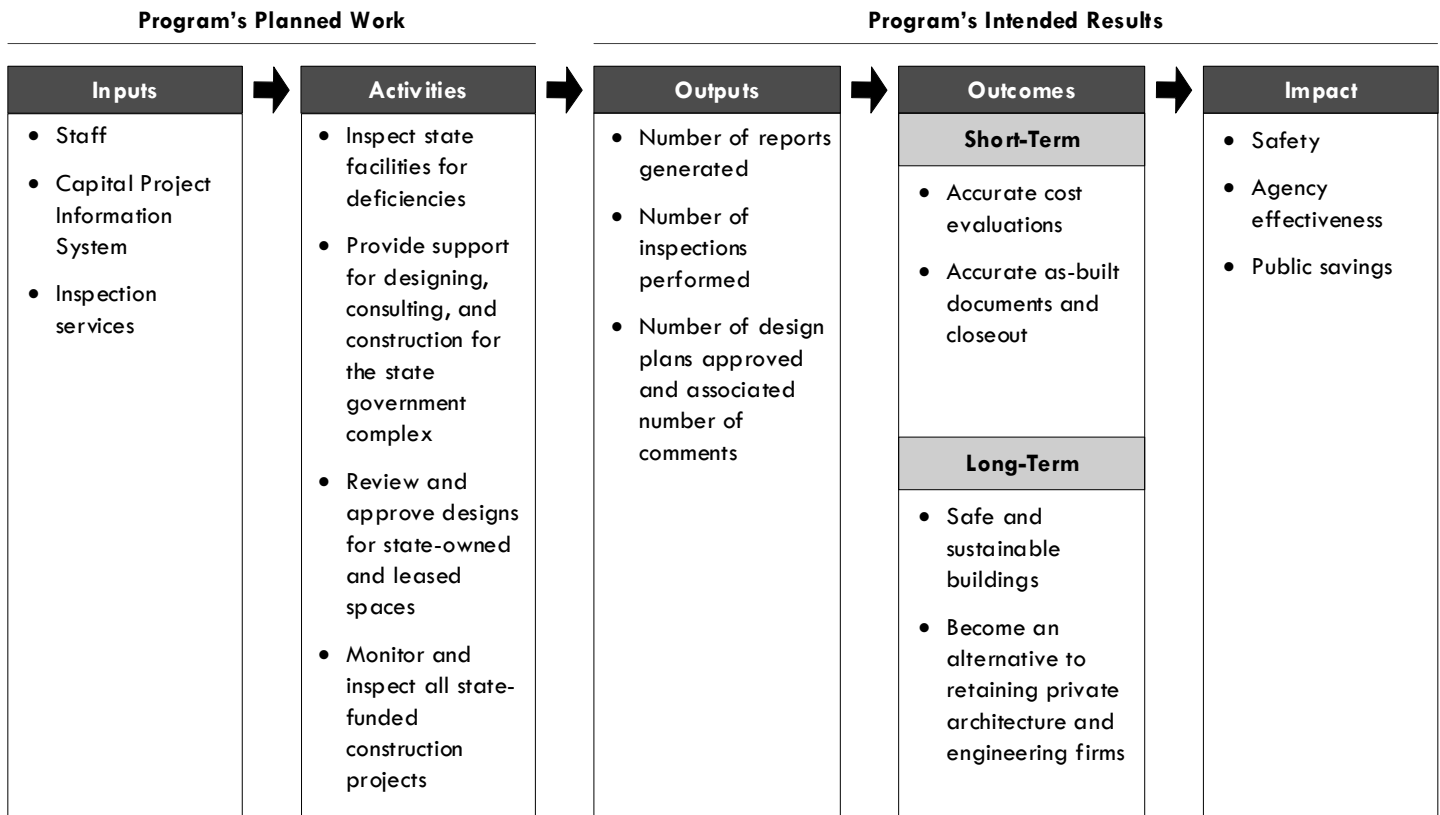
- **Mission:** To provide professional design, plan review, and inspection services to ensure facilities funded and constructed by the State of North Carolina are safe, sustainable, efficient, and cost effective
- **Statutory Authority:** N.C. Gen. Stat. §§ 143-64; 143-128,129; 143-135.25, 26; 143-139(e); 143-143.2; 143-336; 143-341; 153A-357; and Executive Order 123
- **Covered Entities:** State agencies, universities, and community colleges

Fiscal Snapshot

	FY 2016–17	FY 2017–18	FY 2018–19
Total Requirements	\$6,513,768	\$6,331,984	\$6,331,984
Total Receipts	(\$684,911)	-	-
Appropriation	\$5,828,857	\$6,331,984	\$6,331,984
Total Positions	61	61	61

Source: Program Evaluation Division based on OSBM's 2015–17 and 2017–19 Certified Budgets.

Logic Model Created by PED



Source: Program Evaluation Division based on information from the State Construction Office.

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Indicators of a Clear and Unique Mission

Key Elements of Indicator 1: Avoids Duplication	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
1.1 Program has an inventory that identifies other current programs active in the policy area that address the same goal.			✓
1.2 Inventory demonstrates how the examined program is unique from the other related programs.			✓
1.3 Inventory identifies the purpose of each program.			✓
1.4 Inventory identifies the services, products, or functions each program is providing.			✓
1.5 Inventory identifies the target population served by each program.			✓
1.6 Inventory identifies how the program coordinates with other related programs to avoid wasteful competition and duplication.			✓
1.7 Inventory is updated periodically.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
1. Program does not duplicate other related programs.			✓

Description: Although the State Construction Office's Manual describes other state agencies' involvement in building construction and review, it does not have a program inventory that identifies other current programs active in the policy area that address the same goal. Therefore, the Office cannot demonstrate how it is unique from other related programs. The Office provided no documentation of coordination efforts. Without an inventory, the Office cannot be sure it avoids wasteful competition and duplication.

Suggestions: The Office should conduct a scan of the public sector (both internal and external to its agency) and the nonprofit and private sector to identify any programs that are active in its policy area. For example, this scan could identify federal, state (e.g., Department of Insurance), and municipal programs—along with non-governmental organizations—that address building safety and construction. Then, the Office should create an inventory that identifies other current programs active in the policy area that address the same goal as the Office. The inventory should identify the purpose of each program; the services, products, or functions each program is providing; and the target population served by each program. The Office should include itself in the inventory so that it is clear which services the Office provides that no other programs provide. The inventory should demonstrate how the Office is unique from related programs and how it coordinates with those programs to avoid wasteful competition and duplication. The Office should update the program inventory periodically.

Program Name: State Construction Office

Indicators of a Clear and Unique Mission (continued)

Key Elements of Indicator 2: Problem Definition	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
2.1 Problem definition is based on supportive evidence that clearly describes the nature and extent of the problem facing the individuals the program serves.			✓
2.2 Problem definition identifies the major factors contributing to the problem.			✓
2.3 Problem definition identifies current gaps in services or programs.			✓
2.4 If program is based on a “promising approach” or “best practice,” problem definition provides a rationale for the transferability of the approach to the population the program serves. <i>If program is not based on a “promising approach” or “best practice,” enter N/A.</i>	N/A		
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
2. Program has a problem definition.			✓

Description: Although the State Construction Office’s Manual identifies problems it is intended to address (e.g., construction cost overruns, inconsistent inspections, dangerous construction in flood plains), it does not have a problem definition based on supportive evidence that clearly describes the nature and extent of the problem facing the agencies the program serves.

Suggestions: The Office should create a problem definition, in one document, that describes the statewide problem it is intended to address. For example, duplication and inefficiencies result from decentralized management of state construction. The problem definition should be based on supportive evidence that clearly describes the nature and extent of the problem facing the agencies the Office serves. The problem definition should identify the major factors contributing to the problem and identify current gaps in services.

Program Name: State Construction Office

Indicators of a Clear and Unique Mission (continued)

Key Elements of Indicator 3: Logic Model	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
3.1 Logic model includes specified inputs.	✓		
3.2 Logic model includes specified activities.		✓	
3.3 Logic model includes specified outputs.		✓	
3.4 Logic model includes specified short-term and long-term outcomes.		✓	
3.5 Logic model includes specified impacts.		✓	
3.6 The logic model has been shared with program staff and key stakeholders.			✓
3.7 The logic model is updated periodically.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
3. Program has a logic model.		✓	

Description: The State Construction Office has a logic model with specified inputs, such as staff and the Capital Project Information System. Although the logic model includes activities (e.g., inspecting state facilities for deficiencies, reviewing and approving designs, monitoring state-funded construction projects), outputs (e.g., reports generated, inspections performed), short-term outcomes (e.g., accurate cost evaluations), long-term outcomes (e.g., safe and sustainable buildings), and impacts (e.g., safety), the logic model does not address all of the operations performed by the Office.

The Office did not provide documentation demonstrating it shares its logic model with staff and key stakeholders. The Office did not provide documentation demonstrating it updates its logic model periodically.

Suggestions: The Office's logic model should include specified activities, outputs, outcomes, and impacts that represent all of its operations (e.g., allocation of energy efficiency tax deduction, administration of flood plain guidelines). The Office should share its logic model with staff and key stakeholders. The Office should update its logic model periodically and indicate on the document when it was last updated. In addition, the Office's logic model could be strengthened in the following ways:

- phrase outputs in terms of quantity (e.g., number of reports generated, number of inspections performed, number of design plans approved),
- differentiate outcomes that are achievable in the short-term (e.g., accurate cost evaluations) from those that are achievable in the long-term (e.g., safe and sustainable buildings),
- phrase outcomes in terms of the direction of change expected (e.g., increased, decreased), and
- differentiate long-term outcomes from impacts.

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Indicators of a Focus on Results

Key Elements of Indicator 4: Evidence-Based	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
4.1 Program can demonstrate that its outcomes in North Carolina have been tested by a rigorous impact evaluation or that it uses a design that has been tested and found to be successful through multiple rigorous impact evaluations in other jurisdictions.			✓
Overall Indicator Rating			
	Meets	Partially Meets	Does Not Meet
4. Program is evidence-based.			✓
<p>Description: The State Construction Office did not provide documentation demonstrating its outcomes in North Carolina have been tested by a rigorous impact evaluation or that it uses a design that has been tested and found to be successful through multiple rigorous impact evaluations in other jurisdictions.</p>			
<p>Suggestions: The Office should identify the primary services it offers, and each service should be subject to an impact evaluation. Impact evaluations determine the extent to which a program produces desired outcomes and intended improvements in the conditions it was intended to ameliorate. Impact evaluations produce an estimate of the net effects of a program—the changes brought about by the intervention above and beyond those resulting from other processes and events affecting the targeted conditions.</p>			

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Indicators of a Focus on Results (continued)

Key Elements of Indicator 5: Scalability Analysis	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
5.1 Scalability documents determine whether the program has robust evidence of its effectiveness.			✓
5.2 Scalability documents determine whether the program has the potential for substantially expanded reach and system adoption.			✓
5.3 Scalability documents determine whether an expanded program is acceptable to target groups and settings.			✓
5.4 Scalability documents determine whether an expanded program can be delivered at an acceptable cost.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
5. Program has conducted a scalability analysis.			✓
<p>Description: Although the State Construction Office is a statewide program established in statute, it could still conduct a scalability analysis to determine whether it could have a greater impact if it had more resources such as more staff or newer technology. The Office did not provide documentation demonstrating it has conducted a scalability analysis.</p>			
<p>Suggestions: The Office should conduct a scalability analysis to determine whether it has robust evidence of its effectiveness and has the potential for substantially expanded reach and system adoption. The scalability analysis should determine whether an expanded program would be acceptable to target groups and settings and could be delivered at an acceptable cost.</p>			

Program Name: State Construction Office

Indicators of a Focus on Results (continued)

Key Elements of Indicator 6: Strategic Plan	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
6.1 Strategic plan includes a mission statement.	✓		
6.2 Strategic plan includes a vision statement.	✓		
6.3 Strategic plan includes a values statement.	✓		
6.4 Strategic plan includes identified goals.		✓	
6.5 Strategic plan includes identified objectives.		✓	
6.6 Strategic plan includes performance measures.		✓	
6.7 Strategic plan is updated periodically.	✓		
Overall Indicator Rating	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
6. Program has a strategic plan.		✓	

Description: The State Construction Office has a mission statement: “to provide professional design, plan review, and inspection services to ensure facilities funded and constructed by the State of North Carolina are safe, sustainable, efficient, and cost-effective.” The Office has a vision statement: “State Construction identified that there was room for improvement, especially in promptness of service. Planned changes included promoting the technical capability of staff through the annual conference and website, and expediting the workload through the Office with efficiency improvements such as better utilizing the web-based project environment and electronic plan reviews.” The Office has a values statement: “quality, safety and health, accountability, continuous improvement and development, innovation and creativity, customer service, diversity and inclusion, excellence, and integrity.”

The Office updates its strategic plan every two years in accordance with biennium budgets. The Office is in the process of updating its strategic plan to include goals, objectives, and performance measures.

Suggestions: The Office should update its strategic plan, in one document, to include program-specific goals, objectives, and performance measures.

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Indicators of a Focus on Results (continued)

Key Elements of Indicator 7: Performance Measurement	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
7.1 Performance measures assess key inputs.		✓	
7.2 Performance measures assess key outputs.		✓	
7.3 Performance measures assess efficiency/process.		✓	
7.4 Performance measures assess quality.		✓	
7.5 Performance measures assess key outcomes.		✓	
7.6 Program has a defined method for collecting performance data.		✓	
7.7 Program has a standard format for reporting performance data.		✓	
7.8 Program validates performance measures periodically.			✓
7.9 Performance measures are regularly reported to managers, staff, and key stakeholders.		✓	
7.10 Performance measures provide the level and type of data needed to conduct a rigorous evaluation of program impacts.		✓	
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
7. Program has performance measures.		✓	

Description: For one of the State Construction Office’s activities (i.e., design and construction of capital facilities), the Office has performance measures that assess key inputs (e.g., staff, funding, and technology), outputs (e.g., reports generated on Interscope, comments issued to designers, inspections and field reports), outcomes (e.g., expert reports to be utilized by owners and designers for renovations; safe, sustainable, efficient, and cost effective buildings; verification of bid compliance and field inspections). In addition, for that same activity of the Office, the Office has performance measures that assess efficiency/process (e.g., funding amounts by scores/quality ratings of capital facility construction projects) and quality (e.g., quality ratings of capital facility construction projects). Therefore, for this activity, the Office has performance measures that provide the level and type of data needed to conduct a rigorous evaluation of program impacts. However, the Office did not provide documentation demonstrating it has performance measures for all of the operations performed by the Office.

For one of the Office’s activities (i.e., design and construction of capital facilities), the Office has a defined method for collecting performance data, has a standard format for reporting performance data, and regularly reports its performance measures to managers, staff, and key stakeholders. However, the Office did not provide documentation demonstrating it has the above elements for all of the operations performed by the Office. Finally, the Office did not provide documentation demonstrating it validates its performance measures periodically for any of its operations.

Suggestions: For all of its operations (e.g., facility assessment), the Office should have performance measures that assess key inputs (e.g., staff, funding), outputs (e.g., comments issued to designers, inspection and field reports), and outcomes (e.g., safe, sustainable, efficient, and cost-effective government buildings). Similarly, for all of its operations, the Office should have performance measures that assess efficiency/process (i.e., the inputs used per unit of output) and quality (i.e., the

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degree to which services are delivered in accordance with pre-determined standards and/or whether customers are satisfied with the services they receive).

For all of its operations, the Office should develop a defined method for collecting performance data that explains what it is going to collect and how (e.g., who will be surveyed and how often). Similarly, for all its operations, the Office should develop a standard format for reporting performance data. In addition, for all its operations, the Office should periodically validate the information that is being reported by reviewing data collection protocols and comparing reported information to a sample of source data. Finally, for all its operations, the Office should ensure that performance data are regularly reported to managers, staff, and key stakeholders in formats that are user-friendly and meet their information needs.

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Indicators of a Focus on Results (continued)

Key Elements of Indicator 8: Quality Improvement System	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
8.1 Quality improvement system sets objectives, which have indicators, targets, and dates.			✓
8.2 Objectives are consistent with those set by the program's strategic plan and are updated annually.			✓
8.3 Quality improvement system monitors progress towards objectives through an action plan and milestones.			✓
8.4 Program takes remedial action if there is a performance shortfall.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
8. Program has a quality improvement system.			✓
<p>Description: Although the State Construction Office has a system for tracking the performance of contractors (e.g., Interscope), this system is not a quality improvement system. Therefore, the Office did not provide documentation demonstrating it has a quality improvement system.</p>			
<p>Suggestions: The Office should create a quality improvement system that sets annual objectives and then tracks performance towards these objectives on either a quarterly or monthly basis. The objectives should have indicators, targets, and dates, and the objectives should be consistent with the Office's strategic plan and updated annually. Progress towards objectives should be monitored through an action plan and milestones. The Office should take remedial action if there is a performance shortfall.</p>			

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Indicators of Sound Financial Management

Key Elements of Indicator 9: Risk Assessment	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
9.1 Risk profile identifies inherent risks, assesses the likelihood and impact of inherent risks, determines risk tolerance, and examines the suitability of existing controls and prioritizes residual risks.		✓	
9.2 Mitigation strategy identifies who is responsible for risk management activities, determines what control activities the program is using, establishes when the program is implementing activities, and determines where the program is focusing its activities.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
9. Program has a risk assessment.		✓	

Description: In accordance with N.C. Gen. Stat. §143D-7, the Department of Administration certifies to the State Controller that it performs an annual review of its system of internal control. The Department has designed internal controls to provide reasonable assurance regarding the reliability of financial reporting; compliance with certain provisions of law, regulations, contracts, and grant agreements; and the efficiency and effectiveness of its operations. However, the State Construction Office not provide documentation demonstrating it has a program-specific risk profile. The Department's monitoring plan for grantees is not a monitoring plan for the Department or for the Office.

Suggestions: The Office should conduct a risk assessment to identify potential financial, fraudulent, and legal hazards. Then, the Office should create a risk profile that identifies inherent risks, assesses the likelihood and impact of inherent risks, determines risk tolerance, and examines the suitability of existing controls and prioritizes residual risks. In addition, the Office should create a mitigation strategy that identifies who is responsible for risk management activities, determines what control activities the program is using, establishes when the program is implementing activities, and determines where the program is focusing its activities.

Program Name: State Construction Office

Indicators of Sound Financial Management (continued)

Key Elements of Indicator 10: Financial Forecast	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
10.1 Financial forecast is conducted at least annually.	✓		
10.2 Financial forecast projects revenues and expenditures for at least 5 years.		✓	
10.3 Financial forecast breaks down projections into revenue and expenditure categories.	✓		
10.4 Financial forecast is based on a basic model of forecasting.	✓		
10.5 Financial forecast attempts to explain trends by discussing why revenue and expenditures are expected to increase or decrease.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
10. Program has a financial forecast.		✓	

Description: The State Construction Office follows the biennial budget preparation instructions from the Office of State Budget and Management to develop its financial forecast, and therefore the forecast is reviewed annually and breaks down projections into revenue and expenditure categories. Although the Office of State Budget and Management's budget development process requires the Office to conduct two years of financial forecasting, the Office did not provide documentation demonstrating it projects revenues and expenditures for at least five years. The financial forecast is based on a basic model of forecasting; it uses extrapolation by reviewing historical revenue and expenditure data to predict the future by projecting the trend forward subject to the restrictions required by the Office of State Budget and Management. The Office did not provide documentation demonstrating its financial forecast attempts to explain trends by discussing why revenues and expenditures are expected to increase or decrease.

Suggestions: During the budget development process, the Office should build in a long-term focus by including revenue and expenditure projections for at least five years in its annual plan. The forecasts should attempt to explain the trends they reveal by discussing why revenue and expenditures are expected to increase or decrease.

Program Name: State Construction Office

Indicators of Sound Financial Management (continued)

Key Elements of Indicator 11: Cost Sharing	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
11.1 If program does not require cost sharing, documents include a description of why program does not require cost sharing. <i>If program does require cost sharing, enter N/A.</i>	✓		
11.2 If program does require cost sharing, documents include a description of cost sharing requirements. <i>If program does not require cost sharing, enter N/A.</i>	N/A		
11.3 If program does require cost sharing, documents describe the method used to set charges. <i>If program does not require cost sharing, enter N/A.</i>	N/A		
11.4 If program does require cost sharing, documents review cost sharing levels and recommend modifications as appropriate. <i>If program does not require cost sharing, enter N/A.</i>	N/A		
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
11. Program has cost sharing documents.	✓		
Description: The State Construction Office does not require state entities to pay for its services.			
Suggestions: None.			

Program Name: State Construction Office

Indicators of Sound Financial Management (continued)

Key Elements of Indicator 12: Staffing Analysis	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
12.1 Staffing analysis measures caseload and workload.			✓
12.2 Staffing analysis identifies trends and establishes internal benchmarks for efficient operations.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
12. Program has conducted a staffing analysis.			✓

Description: The Department of Administration is participating in the Office of State Human Resources's Statewide Compensation System Project, which reviewed job descriptions to streamline job classifications, but this project is not a staffing analysis with measures of caseload and workload. Therefore, the State Construction Office did not provide documentation demonstrating it has conducted a staffing analysis that measures caseload and workload or that identifies trends and establishes internal benchmarks for efficient operations.

Suggestions: The Office should conduct a staffing analysis to determine if its staffing levels are appropriate based on the volume of work it is required to perform. The staffing analysis should measure caseload (i.e., the number of cases that staff are assigned in a given time period) and workload (i.e., the amount of work required to manage assigned cases or perform certain tasks). The staffing analysis should identify trends and establish internal benchmarks for efficient operations by using historical data analysis, benchmarking, or business process mapping.

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Indicators of Sound Financial Management (continued)

Key Elements of Indicator 13: Accounting System	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
13.1 Accounting system includes assets, liabilities, fund equity and other credits, revenues, and expenditures.	✓		
13.2 Accounting system tracks financial information on a cash and accrual basis.	✓		
13.3 Accounting system is capable of producing financial statements required by the Governmental Accounting Standards Board.	✓		
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
13. Program has an accounting system.	✓		
<p>Description: The State Construction Office uses the North Carolina Accounting System. Therefore, its accounting system includes assets, liabilities, fund equity and other credits, revenues, and expenditures; tracks financial information on a cash and accrual basis; and is capable of producing financial statements required by the Governmental Accounting Standards Board.</p>			
<p>Suggestions: None.</p>			

Program Name: State Construction Office

Indicators of Sound Financial Management (continued)

Key Elements of Indicator 14: Audit	Key Element Ratings		
	Meets	Partially Meets	Does Not Meet
14.1 Audit documents include a description of audit requirements.	✓		
14.2 Audit documents demonstrate accessibility of persons involved with the program; books, records, reports, vouchers, correspondence, files, personnel files, investments, and any other documentation of the program; and property, equipment, and facilities of the program.	✓		
14.3 Program maintains a record of prior audits, examinations, and evaluations.			✓
14.4 Program maintains a record of corrective actions taken in response to audit findings and recommendations.			✓
	Overall Indicator Rating		
	Meets	Partially Meets	Does Not Meet
14. Program is audited.	N/A		

Description: The State Construction Office has audit documents that include a description of audit requirements and that demonstrate accessibility of persons, documents, and property. In accordance with N.C. Gen. Stat. §143-746, the Department of Administration has an internal auditing program that audits the agency's major systems and controls periodically. The Department's internal auditor works in conjunction with the Secretary and senior staff to determine the audit schedule and reports findings to the Secretary and responsible managers for action. In addition, the Department complies with the Office of the State Auditor as required. However, the Office did not provide documentation demonstrating it maintains a record of prior audits, examinations, and evaluations. Also, the Office did not provide documentation demonstrating it maintains a record of corrective actions taken in response to audit findings and recommendations.

Suggestions: The Office should maintain a record of prior audits, examinations, and evaluations by listing key aspects of them (e.g., subject of audit, date completed, major findings) in a separate document from the audits themselves. The Office should maintain a record of corrective actions taken in response to audit findings and recommendations. The corrective actions could be listed in the separate document mentioned above.