



Washington State Auditor's Office

Troy Kelley

Independence • Respect • Integrity

Annual Performance Audit Progress Report

November 19, 2013

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This report reviews improvements made based on performance audit recommendations published in 2012 and updates the results from previous performance audits. Over our four-year tracking period, public agencies reported implementing about 84 percent of our recommendations and saving almost \$780 million. Since performance audits began, agencies have collectively saved nearly \$1 billion as a result of our work. This report also details the successful launch of the Local Government Performance Center.



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A message from State Auditor Troy Kelley

Fellow Washingtonians,

The State Auditor's Office is charged under the State Constitution with holding state and local governments accountable to the people for the use of public resources, and we take that job seriously. We safeguard taxpayer dollars through financial and compliance audits, and respond to Whistleblower, fraud, and Citizen Hotline reports. In addition, the Performance Audit division is dedicated to finding smarter ways to use limited state resources to deliver public services.

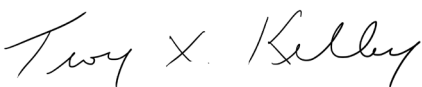
This progress report highlights performance audits released in 2012, as well as those from the past that have continued to produce results. The most recent audits include reviewing the state's system for protecting children from sex offenders, analyzing instructional and non-instructional spending in school districts, and evaluating several state agencies' efforts to ensure business rules are clear, consistent and necessary.

This year we also report on the success of our Local Government Performance Center. This new effort has been called a "performance audit on wheels" because it brings the lessons of sound performance management to cities, counties and other local governments across our state. We help local leaders evaluate their programs and improve services using tools and techniques that have been proven to work elsewhere.

Washington's voters gave the State Auditor the authority and funding to engage in these performance audit efforts through a voter-approved initiative. It is important to me that we continue to report back to you on the vital work with which we have been charged. By conducting performance audits and explaining the lessons they offer, we intend to make our government more effective in serving the people.

As always, if you have questions or suggestions, please contact my office.

Sincerely,



Troy Kelley, State Auditor



Since citizens approved Initiative 900 in November 2005, our Office has produced nearly 60 performance reports that examined programs and services provided by more than 100 state agencies and local governments.

Washington's performance audit law

Initiative 900 authorizes the State Auditor's Office to conduct independent, comprehensive performance audits of state and local governments. Specifically, the law directs the State Auditor's Office to "review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts."

We conduct performance audits according to generally accepted government auditing standards prescribed by the U.S. Government Accountability Office. In addition, state law identifies specific elements for auditors to consider during each performance audit, including potential cost savings; services that could be reduced, eliminated or transferred to the private sector; and gaps or overlaps in programs and services.

Summary

The State Auditor’s Office holds state and local governments accountable for the use of public resources. The Performance Audit division helps this effort move forward by reviewing government programs to determine if they effectively, economically and efficiently achieve their overall goals. We provide government agencies and the public with independent and systematic reviews of how well things are working and conduct all performance audits to U.S. General Accountability Office government auditing standards, published in the “Yellow Book.”

Once an audit is complete, the challenging work is often just beginning. Each year, we ask audited governments how they implemented our recommendations. This report spotlights the actions they took, savings they generated, and how they improved services.

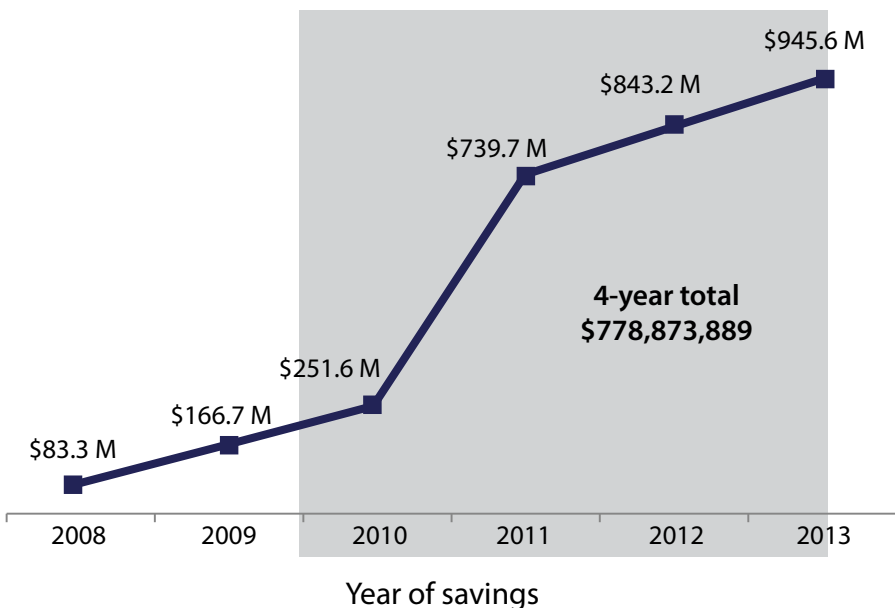
Agencies report 84 percent implementation and nearly \$780 million in savings

Since we issued our first performance audit in 2007, governments report they saved nearly \$1 billion as a result of implementing our recommendations. Over our standard four-year tracking period, agencies reported implementing about 84 percent of our issued recommendations, resulting in almost \$780 million of actual savings.

We also work with local governments throughout Washington to improve their performance management practices through the Local Government Performance Center. This is a new effort the Performance Audit division launched in 2012, and this report shares how the center improves governments across the state.

Cumulative cost savings

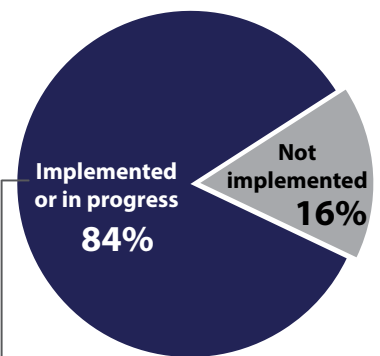
Over the last four years, agencies reported nearly \$780 million in actual cost savings or new revenue and almost \$1 billion since performance audits began.



Source: State Auditor’s Office, based on agency reported data.

Implementation of audit recommendations

Agencies reported that they took action on about 84% of our recommendations issued over the last four years.



Implemented – 69%
 In progress – 11%
 Partially implemented – 4%

Source: State Auditor’s Office.

Note: Less than 1% were not followed up.

2012 Performance audits

During 2012, our audits reviewed important issues facing the state, including the multitude of current business regulations, whether sex offenders lived or worked with children under the state's care, and how public school districts allocate their budgets. Below is a summary of each 2012 audit.

Regulatory Reform: Communicating regulatory information and streamlining business rules

Evaluated: How well the state provides regulatory information online to businesses, and whether state agencies are periodically reviewing their business rules for clarity, consistency and necessity.

Report: We compiled the first-ever complete inventory of state business regulations, consisting of 1,377 permits, licenses and inspections administered by 26 agencies. We recommended the state continue to strive for a one-stop portal for all business transactions in the long term while improving the state's central business websites and regulatory agency websites in the short term. We also recommended agencies improve their rule-streamlining efforts.

Results: Since the audit, the Office of the Chief Information Officer published the Washington Business One-Stop "MyAccount" Plan. The plan outlines ways to streamline business transactions with government. The goal is that the MyAccount Small Business Portal will be functional by the end of December 2015. Until that time, the Office of Regulatory Assistance is reviewing its website to ensure it has accurate and complete information about Washington's licenses, registrations and permits.

Legislative Action: The Legislature enacted four pieces of legislation as a direct result of our audit report.

- [SSB 5679](#) - Requires a formal business rules review process for the Departments of Health, Ecology and Labor & Industries.
- [SSB 5718](#) - Requires the Office of the Chief Information Officer to track and report progress on the implementation of the one-stop business portal.
- [HB 1818](#) - Requires the Department of Commerce to conduct annual regulatory streamlining projects, each targeting an industry sector within a specific region of the state.
- [ESHB 1403](#) - Requires 13 additional agencies to fully participate in the existing Business Licensing System.

HB 1818

Requires the Department of Commerce to conduct annual multi-jurisdictional regulatory streamlining projects impacting specific industry sectors within specific geographical locations through 2019.

5 NEW SECTION. Sec. 1. (1) The legislature finds that: Since 2010,
6 the department of commerce and the office of regulatory assistance have
7 convened and coordinated a number of cross-agency collaborative
8 regulatory streamlining efforts focused on improving the regulatory
9 experience for small businesses, while maintaining public health and
10 safety; the department of commerce has established efficient and

the mission to grow and improve jobs; the state auditor's office issued regulatory performance audit in 2012 identifying many agency actions

14 that can also improve the business community's ability to comply with
15 regulatory requirements; and the Washington state economic development
16 commission's 2012 comprehensive statewide strategy emphasized the need
17 for smarter regulations in order to achieve long-term global
18 competitiveness, prosperity, and economic opportunity for all the
19 state's citizens.

Protecting children from sex offenders in child care, foster care and schools

Evaluated: Regulatory agencies' use of Washington's sex offender database to enhance monitoring of foster homes, childcare facilities and schools.

Report: We found that even with required criminal background checks, monitoring, and/or regular social worker visits, convicted sex offenders can still live in child and foster care homes undetected. The audit also found that neither the Office of the Superintendent of Public Instruction (OSPI) nor the State Patrol properly implemented statutory monitoring processes intended to identify school employees' new criminal convictions.

Specifically, the audit found:

- 28 sex offenders lived in child or foster care homes between 2002 and 2012, including:
 - 11 cases in foster homes, including nine where a child was present in the home
 - 15 in unregulated child care homes, including 14 where a child was present in the home
 - Two in licensed child care homes, while children were present
- A convicted sex offender who worked as a high school janitor for nine years.

We recommended state agencies ensure relevant databases are complete and up to date and that they work together to clarify processes for monitoring sex offenders in positions of trust.

Results: In all cases, agencies acted swiftly to investigate cases identified; if necessary, they removed children, fired employees and/or revoked licenses. The Department of Social and Health Services (DSHS) now conducts a similar match quarterly and is working to streamline this new process by reducing the number of false positive results. OSPI and State Patrol report they now regularly review all school district employees for new convictions and update the conviction data used in their review.

Local government construction change order pricing

Evaluated: Pricing practices used by selected local governments for construction change orders, which are used to extend the duration, scope or cost of construction contracts, to identify ways to contain costs.

Report: We found all local governments reviewed used some leading practices. We also identified opportunities for local governments to further strengthen controls over change-order pricing.

Results: Since the performance audit, the City of Puyallup developed and adopted a comprehensive change order policy that placed all capital project reviews under the city engineer. While actual savings are not quantified, the city engineer noted projects now regularly come in under the original bid.

"The performance review found that all those problems could have been prevented if everyone was strictly following state laws. It also recommended several ways the state can do a better job protecting children from sex offenders in such facilities."

*– The Associated Press
August 3, 2012*

K-12 education spending

Evaluated: Public school district spending for instructional and non-instructional purposes.

Report: We found Washington schools spend 60.2 percent of funding in the classroom, slightly less than the national average of 61 percent. We identified strategies for more efficient use of non-instructional resources so more money is available in the classroom. We also provided links to useful, one-page profiles of each of the state's nearly 300 public K-12 districts, based on the fiscal year 2011 data used in our audit.

Results: OSPI released a new financial reporting tool, the Statewide Longitudinal Data System (SLDS), that contains similar data to our report. The system, a federally-funded project that started in 2009, provides state-, district- and school-level data that users can customize to suit their unique needs in analyzing and planning classroom spending.

School district puts audit results to good use

The North Thurston School District used the audit results, which showed they spent more in the classroom than any other district in their audit-established peer group, to highlight its commitment to good stewardship of public funds.

FISCAL ACCOUNTABILITY: Performance audit shows North Thurston keeping more dollars in the classroom

A 2011 state performance audit of public schools showed North Thurston spends 68 percent of its budget to support classroom instruction – more than any other district in its peer group (including Everett and Puyallup) and more than the state-wide average.

“Student learning is at the center of all we do, and remains at the heart of how we invest and stretch public dollars,” said **Supt. Raj Manhas**, who has helped shape the district's Strategic Framework which includes efficient use of public resources, accountability and cost-effective finance models. In 2011, NTPS spent \$9,080 per student, about \$735 less than the state average.

“Our staff continues to research and im-

plement operational efficiencies and cost-saving strategies to maximize support for teaching and learning,” said **John Bash, Chief Operations Officer**. He also noted that state auditors have consulted with North Thurston to learn more about these efficiencies for sharing with other school districts.

Last February voters showed their support by approving a 4-year replacement levy which provides 23 percent of the district's overall budget revenue for 2012-13. Some of that money was invested in technology enhancements this summer. “Thanks to community support and our own efficiencies we can keep the focus – and the spending – on our students,” Manhas said.

Source: NTPS Success! Newsletter, Fall 2012.

Sound Transit

Evaluated: Sound Transit's adjustments to planned program investments authorized by voters in the ST2 ballot measure, the agency's contingency practices, capital management program, and ridership forecasts, as well as the Board of Directors response to the concerns and recommendations of the Citizen Oversight Panel.

Report: We found Sound Transit established reasonable contingencies and relied upon credible forecasts when it adopted the ST2 plan, and later made appropriate reductions to planned ST2 investments. Except for the need to increase ST2 construction program reserves, the agency's construction management practices are sound.

We recommended Sound Transit reduce its long-term light rail ridership forecast to reflect recent forecasts showing lower economic growth. We found it should also use range forecasts for long-term ridership and consider how this range can affect capital and operating plans. The agency can improve these practices by strengthening its life cycle costing.

We recommended Sound Transit report on its implementation of Citizen Oversight Panel recommendations and improve the panel's objectivity, focus, capacity and representation across the agency's subareas.

Results: Sound Transit reports it has implemented recommendations to improve the Citizen Oversight Panel appointment process, the board's communication with the panel and the amount of materials it posts to the panel's website. All recent reports and correspondence issued by the Panel or to the Panel from the Sound Transit Board is now posted on the Sound Transit website. Sound Transit also reports developing criteria for facility designs that standardize agency asset components to minimize long-term maintenance costs over a facilities' life cycle.

Continuing to effect change

While a performance audit only reviews specific issues for a limited period of time, the resulting improvements are often ongoing and can spark future change. In some cases, entities implement an audit's potential recommendations before a report is completed. In other cases, later improvements to state government appear to result, at least in part, from our previous work but cannot be directly attributed to a specific audit recommendation. Since performance audits began, agencies reported taking some action on more than 80 percent of our recommendations and cumulatively saving almost \$1 billion. The following are examples of how our work contributes to better government, both through and beyond the audit process, and speaks to the relevance of the work we do.

Steps taken to improve accountability of students at low-performing schools

In spring 2013, the State Auditor's Office was conducting an audit of Washington's accountability system for low-performing schools. As part of the audit, we identified related leading practices as audit criteria and shared these with state educational agencies. As the audit was under way, the Legislature passed Senate Bill 5329, enacting practices addressing each of these criteria. We discontinued the audit, as appropriate steps were now in place to improve accountability of low-performing schools.

Enacted in 2013 legislation mirrors leading practices

Leading practices established as our criteria on a performance audit of low-performing schools were adopted by the Legislature while the audit was ongoing. As a result, the audit was discontinued.

LEADING PRACTICES

Performance goals

Implement strategies

Measure performance

Monitor/manage performance

Report performance

Create incentives

NEW STATE LAW

Requires needs assessments, academic performance audits, and improvement action plans that are explicitly tied to the assessments

Requires use of research and evidence-based school improvement models in improvement action plans; action plans must specify improvement strategies and assets required

Requires use of Washington Achievement Index to identify low-performing schools; performance measures to be from multiple outcomes and indicators

Creates the Education Accountability Oversight Committee to monitor and manage performance of the accountability system

Requires school boards to hold public hearings for improvement action plans

Requires strategy to recognize schools; OSPI extended authority to withhold funds from schools and districts failing to properly implement improvement action plans

Source: State Auditor's Office analysis.

State consolidation and standardization efforts reduce costs by \$2.8 million per biennium

Our 2009 Opportunities for Washington report identified cost-saving opportunities through consolidation and standardization of selected state services. In 2011, the Legislature took action and consolidated all or part of several central service agencies into the new Department of Enterprise Services (DES).

Information technology

In 2009, we looked at five agencies that spend nearly \$200 million a year on data servers, telephones and computer systems, identifying ways they could operate more competitively with the private sector and save 10 to 15 percent compared with current state government rates. Since the report, DES has been actively standardizing service delivery processes and tools, and decommissioning duplicated/redundant applications – more than 60 so far – brought together as a result of the consolidation. DES estimates that this and other consolidation and standardization efforts will reduce costs for desktop, network and agency application support by \$2.8 million per biennium.

Real estate management

We recommended the state take a more strategic approach to real estate management and use private-sector expertise to reduce lease costs. DES reports that it recently hired a new manager who has extensive experience in corporate commercial real estate, and is in the process of soliciting brokers to provide strategic assistance. The Department is now initiating the lease renewal process earlier, and has reduced the number of leases that have expired or are within six months of expiration from 125 in January 2013 to 24 in July of the same year.

The City of Tacoma issues reimbursement to utilities

During our 2011 Local Government Allocating Overhead Costs audit, we recommended Tacoma and other cities examine their 2009 overhead charges, verify utilities benefited from them, and then document those benefits. If they could not do so, we recommended cities reimburse utilities accordingly.

One of the audited entities, the city of Tacoma, reported examining these charges and issuing a reimbursement based on the findings. The city and its utilities also engaged in a collaborative review of assessments and made mutually agreed upon adjustments to several city allocation methodologies.

K-20 Educational Network outlines plans for the future

Our 2011 review of Washington's K-20 Network, a high-speed, high-capacity data network exclusively for universities and school districts, recommended the Network develop a strategic plan with a long-term vision and a related operational plan.

In May 2013, the Network approved its strategic plan, which incorporates key educational business drivers and how those requirements shape the Network. The plan also includes operational details regarding budget and the implementation of a second data network backbone.

State agencies reduce outgoing mail volumes and save money

Our 2011 mail services audit recommended agencies further reduce outgoing mail costs by pursuing appropriate alternatives where possible.

Since the audit, one state agency, the Department of Social and Health Services, reported that they convened a workgroup to inventory and review their outgoing mailings. As a result, they found they can possibly reduce or eliminate mailings for about 89 percent of those reviewed without a federal and/or state rule change. Specifically, of the 36 mailings reviewed, the workgroup found:

- 24 mailings allow for “notification” instead of “mailing,” if a federal waiver is obtained
- Four mailings can be reduced by implementing an opt-in, automated process
- Two mailings could be discontinued with training
- Two mailings could be modified to reduce costs

The remaining four mailings require state and/or federal rule change. The agency plans to report related costs and savings in 2014.

Office of Superintendent of Public Instruction downsizes printing and saves \$129,000

In 2011, we recommended state agencies consolidate their printing equipment and staff with the Department of Printing to reduce duplication of services and minimize long-term costs. While OSPI chose not to consolidate, it did reassess its print center activity and downsized its print center equipment, realizing annual savings of approximately \$129,000.

Port of Seattle takes initiative to improve transparency

In our 2010 audit of the Port of Seattle real estate management and selected programs, we recommended the Port Commission clarify and enforce policies related to the reporting of known or suspected losses of public funds or assets. The Port adopted this recommendation and took further steps to improve transparency in this area. A collaborative website was established between the Port and the Auditor's Office for recording and reporting incurred or suspected losses. This step toward transparency provides the Auditor's Office with a database of all known and suspected losses reported.

Public hospital districts plan to request additional audit services

As part of our 2009 audit of selected public hospital districts, we recommended hospitals review policies and procedures surrounding executive pay as it appeared excessive compared to industry norms. Last year, one of the audited entity's board of commissioners voted to ask us to return and review the progress made on this recommendation.

Fleet management audit prompts review of agency policies

Our 2007 motor pool performance audit recommended the state reduce the size of its vehicle fleet. In 2011, the Department of Enterprise Services reported plans to further reduce the fleet by 500 vehicles. The Department's publication indicates this reduction was made possible by consolidation efforts and the transition of 12 of 14 participating agencies to a new vehicle management system.

"The Commission will ask the Washington State Auditor to determine whether the issues the auditor raised in a 2009 performance audit regarding executive pay have been addressed."

*– Renton Reporter
August 6, 2013*

Performance improvement highlights

Local Government Performance Center takes lessons learned to cities and counties

The State Auditor's Office created the Local Government Performance Center in 2012 as a resource for performance-based training and information. The Center helps local governments solve problems, reduce costs and improve the value of their services to citizens by offering training, tools and technical assistance.

The Center offers local governments volumes of information that, when shared broadly, can help them reduce costs and improve results. The Center complements the Performance Audit division's work and offers another way to make government better. By devoting some of our resources to the Center, we can help more local governments, more quickly and more economically, than with individual audits.

Training delivered across Washington

The Center regularly offers courses and workshops related to improving local government. The Center's courses cover five main topics: logic models, performance measures, staffing analysis, communicating with the public, and Lean strategies and process management. In 2012, about 800 local government leaders and staff took part in this training. We also offer more general presentations, which reached more than 450 people in 2012 through local government conferences.

Based on feedback from almost 300 training attendees, local governments gave our 2012 sessions high marks: 98 percent shared positive evaluations and almost all said the training would help improve efficiency or reduce costs.

Local Government Performance Center on-site training

In 2012, the State Auditor's Office offered performance management training to local governments throughout the state, reaching more than 800 people. We also held presentations for more than 450 people at local government conferences.



Source: State Auditor's Office.

Providing local governments instant access to tools, templates and resources

The Center launched a website in November 2012 to help local governments evaluate programs and services, improve results, and communicate with citizens. The website offers more than 150 tools, templates and resources visitors can use for their own needs. It includes Center-developed tools, such as logic model training and templates, how to analyze staffing levels, and money-saving ideas; it also provides links to external resources, such as the Municipal Research and Services Center of Washington, Lean guides, and Plain Talk requirements.

Online resources cover 14 performance topics:

| | |
|---------------------------|------------------------|
| Budgeting for outcomes | Citizen participation |
| Dashboards and scorecards | Financial management |
| Logic modeling | Performance management |
| Performance measurement | Plain Talk |
| Process improvement/lean | Program evaluation |
| Reporting to citizens | Social media |
| Staffing analysis | Strategic planning |

Performance audit lessons benefit local governments

One of the website tools provides a blueprint for saving money on government cell phone costs. In 2011, the State Auditor's Office identified ways the state could reduce employee cell phone bills. Since the report, the state reported saving about \$1.7 million annually as a result of our recommendations. The Center's online tool uses these strategies to help local governments review their cell phone bills and identify ways to save money.



The screenshot shows the website for the Washington State Auditor's Office. The header includes the state seal and the text "WASHINGTON STATE AUDITOR'S OFFICE". A navigation menu contains links for HOME, ABOUT, REPORTS, AUDITS, INVESTIGATIONS, CLIENT SUPPORT, PUBLIC RECORDS, CAREERS, and RFP. Below the navigation, there are links for "About the Center", "Center Resources", "Where Do I Start?", "Lean Academy", "Training", and "Give Us Feedback!". The main content area is titled "About the Center" and features a "Welcome" message with a "GO Center Resources" button. The text describes the Local Government Performance Center website and its purpose. There is also a section for "Check out our Lean Academy" with a video thumbnail. The video thumbnail text reads: "The State Auditor's Local Government Performance Center provides tools, training and technical assistance - at no charge."

Performance Audit division uses Lean to expedite its processes

The State Auditor's Office regularly reviews other entity practices and makes recommendations for improvement. In May 2013, the Performance Audit division turned its attention inward and undertook an effort to improve our performance by identifying and reducing obstacles to producing high-quality and timely performance audits.

We used detailed performance analysis, Lean process improvement techniques, and a five-day kaizen event to streamline processes for planning and publishing our audit reports. We met with various stakeholders to gather suggestions on how to make our reports more useful and improve the overall customer experience.

We took a hard look at our entire performance audit production process and identified places where audit teams slowed down, waited long times for approvals, or had to repeat key steps. Through problem solving, analysis, and brainstorming, we identified a new reporting process that still follows government auditing standards, but without as many steps. Audit teams are currently using the new process and regularly checking in to help ensure it is implemented correctly and necessary adjustments are made.

The project is just one element of the State Auditor's Office overall process improvement efforts, including training 30 staff from various departments across the agency in Lean Six Sigma improvement strategies.

Looking ahead: audits we'll review in 2014

The Performance Audit division's work includes a blend of long-term audits of major state programs, as well as shorter-term evaluations designed to give policymakers options with which to meet the state's challenges. They also reflect our goal of helping governments work better and cost less, while delivering higher value and earning greater public trust. The following discusses some of our 2013 performance audits already completed, and some we expect to publish in the coming year.

Washington State Ferries: Vessel Construction Costs, published Jan. 3, 2013.

We found it costs more to build a ferry when Washington State Ferries is the purchaser, for two primary reasons. First, current state regulatory requirements limit competition on new state ferry procurements, driving costs higher. Second, the state does not consistently use leading practices to contain construction costs.

Enhancing Background Checks in Washington, published May 7, 2013.

The performance audit showed Washington could improve public safety by retaining fingerprints and implementing an automated background check service. We identified potential risks to the public created by the current background checks system, which relies heavily on periodic, state-based checks on people in positions of trust. A national, automated, fingerprint-based system could immediately alert employers to the arrest or conviction of a person in such a position. However, we identified barriers to using this service, including regulations that prevent public agencies from using or retaining fingerprint records, which are needed to fully implement an automated background check service.

Developmental Disabilities in Washington: Increasing Access and Equality, published July 31, 2013.

This audit showed that of the approximately 35,000 people who are eligible and have applied for developmental disabilities services, 12,000 receive full services, 7,800 receive only partial or limited services, and 15,000 receive no services from the state. We recommended the Legislature direct the Department of Social and Health Services' Developmental Disabilities Administration to maximize cost-effective types of care.

Developmental Disabilities Administration: Improving payment systems, published July 31, 2013.

This performance audit examined protections against improper payments to businesses providing supported living services to about 3,700 developmentally disabled Washingtonians. We found \$11 million in questionable payments, \$5.5 million in unauthorized payments, and also identified safety concerns relating to caregiver background checks.

Medicaid Managed Care, in progress:

Overpayments made by managed care organizations to their network providers affect the rates the state pays for health care costs. We are reviewing eight high-risk areas where two of Washington's largest managed care organizations may have made overpayments to their network providers. If overpayments occurred, we will identify the causes and estimate the extent to which they increased the state's costs.

Higher Education Performance Funding, in progress: Washington is already recognized for its performance funding system for two-year higher education institutions, and there is growing interest in developing performance funding for the state's four-year institutions, as several other states have already done or are doing. This report will explore performance funding models in other states, along with successes and challenges, to provide policymakers with valuable information as they consider such a funding system for Washington's four-year institutions.

Regulatory Reform, Permit Timeliness, in progress: Sixteen state agencies administer nearly 300 business permits. They processed nearly 2 million applications from 2006 through 2010. Delays in permit decisions cost businesses money and can reduce state tax revenue available to lawmakers to pay for state programs. This performance audit will evaluate whether there are opportunities to reduce permit process times.

State Debt Offset Program, in progress: Washington is owed millions in delinquent debt. Some states employ debt offset programs to help improve collection of debt, lessening strains on state budgets. This performance audit will examine whether Washington would benefit from a debt offset program and any identify any barriers to implementation of such a program.

The Local Government Performance Center, ongoing effort: Work on several high priority Local Government Performance Center Projects will continue, including on-site training, citizen surveys, a Lean Academy, performance management assessments, financial management assistance, and new online resources.

Appendix A – How we track recommendations

Our reports identify and evaluate opportunities to save money, increase revenue, and reform state government services. Often it takes more than a year for legislative actions and program changes to take effect, and realize improved results and cost savings. As a result, we follow up on recommendations for four years after we issue the report.

State agencies report their audit-related plans and actions through the Results Washington program. Their information is available online at www.results.wa.gov.

The Joint Legislative Audit and Review Committee addresses recommendations we make in our reports to the Legislature. This information is available online at www.leg.wa.gov/JLARC/I-900/Pages/I-900.aspx.

Not all of our recommendations have been implemented, and our Office is sometimes asked how much the state could benefit if every recommendation were adopted. While we provide our best estimate for potential savings and improvements, they are only estimates. Often agencies come up with other ways to respond to issues we raise, resulting in even better than expected results.

When evaluating agency responses to our audit recommendations, we categorize their status as follows:

| | |
|-----------------------|--|
| Implemented | Entity fully adopted the recommendation, either as described in the report or by resolving the underlying issue. |
| In progress | Entity has begun to adopt the recommendation and intends to fully implement it. |
| Partially implemented | Entity adopted parts of our recommendations. |
| Not implemented | Entity has not adopted the recommendation and does not plan to do so. |

Source: Reports submitted to the State Auditor's Office. We defined actual cost-savings as savings reported by the audited agencies. We did not independently verify cost savings.
