



# Washington State Auditor's Office

## Troy Kelley

Independence • Respect • Integrity

# Performance Audit Progress Report

December 4, 2014

This report reviews improvements made based on performance audit recommendations published in 2013 and updates the results from previous performance audits. Since performance audits began, agencies collectively saved more than \$1 billion as a result of our work, and reported implementing 86 percent of our recommendations. This report also details the impact of the Local Government Performance Center since its launch in 2012.



Audit Number: 1012777

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## *The mission of the Washington State Auditor's Office*

The State Auditor's Office holds state and local governments accountable for the use of public resources.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic **subscription service**.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

For more information about the State Auditor's Office, visit [www.sao.wa.gov](http://www.sao.wa.gov).

## *Americans with Disabilities*

In accordance with the Americans with Disabilities Act, this document will be made available in alternative formats. Please email [Communications@sao.wa.gov](mailto:Communications@sao.wa.gov) for more information.

## *State Auditor's Office contacts*

### **State Auditor Troy Kelley**

360-902-0360, [Auditor@sao.wa.gov](mailto:Auditor@sao.wa.gov)

### **Chuck Pfeil, CPA :: Director of State & Performance Audit**

360-902-0366, [Chuck.Pfeil@sao.wa.gov](mailto:Chuck.Pfeil@sao.wa.gov)

### **Lou Adams, CPA :: Deputy Director of Performance Audit**

360-725-5577, [Louella.Adams@sao.wa.gov](mailto:Louella.Adams@sao.wa.gov)

### **Thomas Shapley :: Deputy Director of Communications**

360-902-0367, [Thomas.Shapley@sao.wa.gov](mailto:Thomas.Shapley@sao.wa.gov)

## *To request public records*

### **Public Records Officer**

360-725-5617, [PublicRecords@sao.wa.gov](mailto:PublicRecords@sao.wa.gov)

# A message from State Auditor Troy Kelley

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The results of our 2013 audits conducted by our Performance Audit division and the services provided by our Local Government Performance Center exemplify how we pursue our mission of holding governments accountable for the use of public resources by helping them work better, cost less, and earn greater public trust.

This Progress Report offers strong evidence that we do more than audit; we make a difference.

Since 2007, agencies have responded to 86 percent of our recommendations, resulting in about \$1 billion in savings. In 2013, we examined access to and equality in services for people with developmental disabilities, agency regulatory reform, background checks on individuals who serve children and vulnerable adults, and the state's transportation tolling system.

Our 2014 efforts included examining the safe disposal of state computers, preventing abuse of Electronic Benefit Transfer (EBT) cards, home care aide certification, state services for families who adopt foster children, oversight of Medicaid managed care, and more.

In 2013, the Local Government Performance Center began compiling a self-assessment checklist for local government leaders to help them assess their own internal control environment for accounting and financial reporting. The Center has also developed tools to help local government officials assess their government's financial condition. These efforts contributed to the Center winning the prestigious "Excellence in Accountability Award" from the National State Auditors Association this year.

For us, the bottom line is better government.

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

Sincerely,



## *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. To learn more about the State Auditor's Office and performance auditing, please visit our website at [www.sao.wa.gov](http://www.sao.wa.gov).

# Audit Results Summary

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

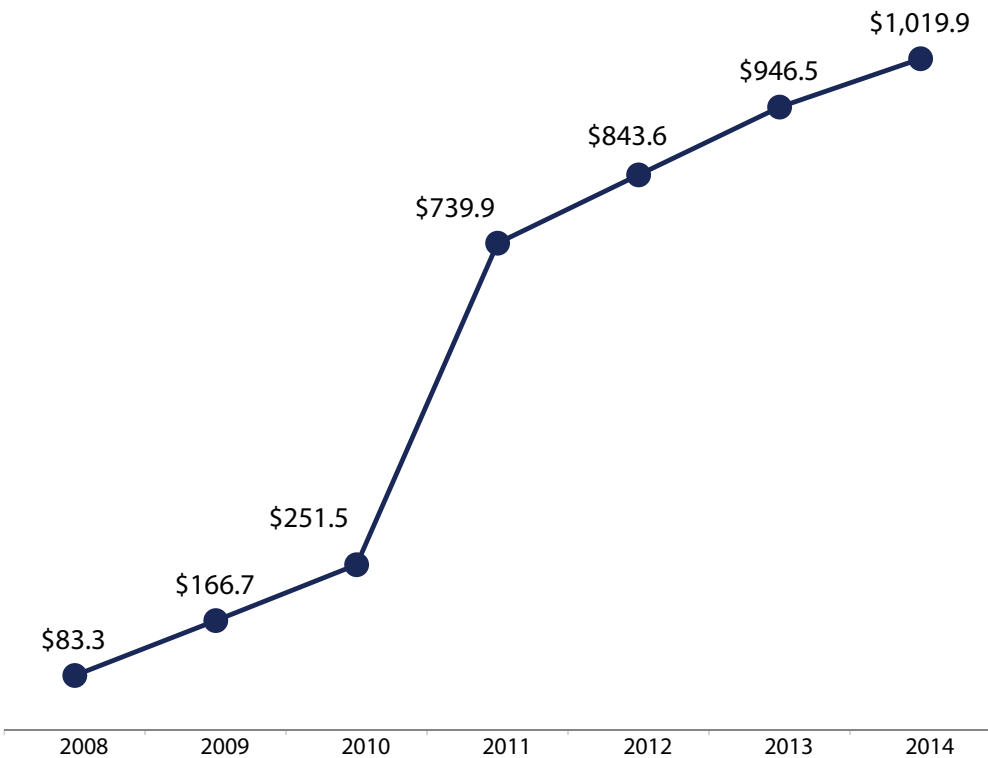
Once an audit is complete, the challenging work is often just beginning. Each year, we ask audited agencies and governments if and how they implemented our recommendations. This report highlights the actions they took, savings they generated, and how they improved services based on our recommendations. For more information on how recommendations are tracked, see Appendix A.

## Agencies report more than \$1 billion in savings

Since we issued our first performance audit in 2007, our Office issued more than 1,700 recommendations, contributing to about \$1 billion in cost savings or new revenue. Agencies reported putting in progress or implementing 86 percent of the recommendations we made over that time. Our recommendations address substantive issues like streamlining business regulation and improving background checks, and they have identified significant savings for the state. To date, the people of Washington have seen a \$16 return on every tax dollar spent on our performance auditing efforts.

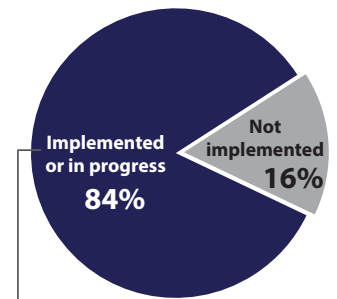
### Cumulative cost savings, 2008-2013

Agencies have reported just over \$1 billion in actual cost savings or new revenue since performance audits began. Dollars in millions.



### 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.

# Local Government Performance Center

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Many local governments struggle to balance expected service levels with squeezed financial resources. The most common challenges governments face can often be resolved using proven tools and techniques, but there are few resources they can turn to for advice or information. The State Auditor's Office established the Local Government Performance Center in 2012 to help local governments reduce costs and improve results by proactively applying lessons we've learned while conducting our performance audits.

The Center continues to provide resources, including training and technical assistance, to help elected officials and managers find ways to conduct government business more efficiently, effectively and transparently.

## Strategies of 2013 pay off with more trainings and increased visibility

In 2013, the Center focused on two strategies aimed at increasing the capacity and capabilities of local government employees:

1. Increase the number of local government employees trained in performance management and process improvement techniques
2. Increase awareness of Center resources and purpose

These strategies are paying off. In 2013, the Center more than doubled the number of trainings conducted and the types of trainings offered, and grew the number of local government employees trained exponentially. Governments are reporting real process improvements and better customer service.

### The Center more than doubled its offerings and attendance in 2013

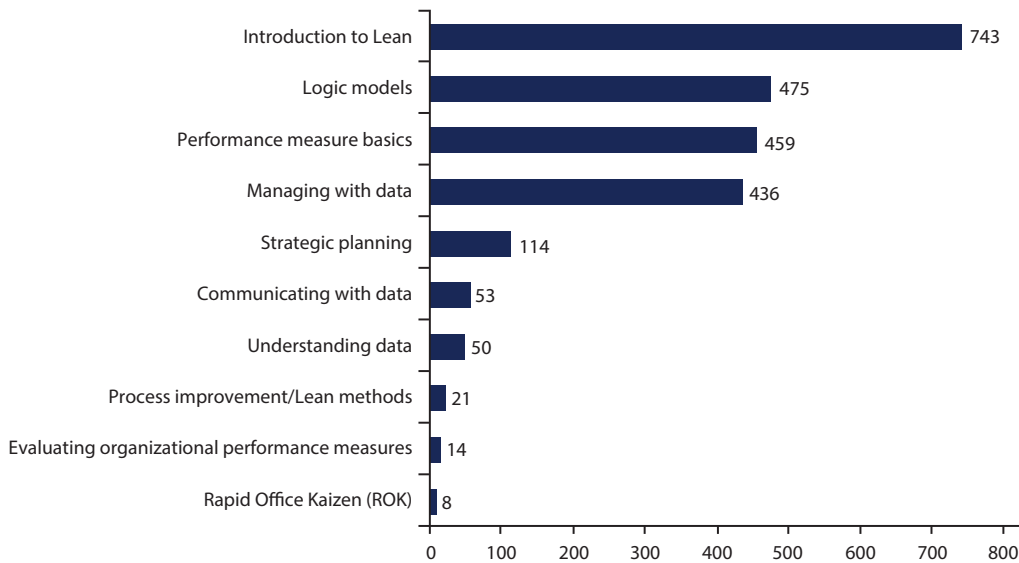
Training	2012	2013
Training classes	22	61
Local government employees trained	82	2,373
Types of training classes offered	5	10
Lean Academy workshops	0	4

Local governments have already seen benefits that include:

- Permit processing times cut in half
- Better transit rider notifications, which reduced the number of calls to customer service representatives
- Simplified travel policies and payment processes

## Local Government Performance Center training sessions in 2013

Total enrollment reached 2,373 in 2013.



Note: The Introduction to Lean class is one of the Center's most sought-after training, with enrollment to date of 743 in 16 locations.

Demand for the Center's services is growing quickly as more local government officials become aware of our value. In response, we expanded our classes to include more about Lean management and strategic planning. In fact, the Center intends to provide a greater variety of tools to help local governments manage and improve their services. For example, in 2014 we plan to develop practical tools and training to help local government officials comply with the Open Public Meeting Act and the Public Records Act.

## The Center creates the Lean Academy to help bring continuous improvement to local governments

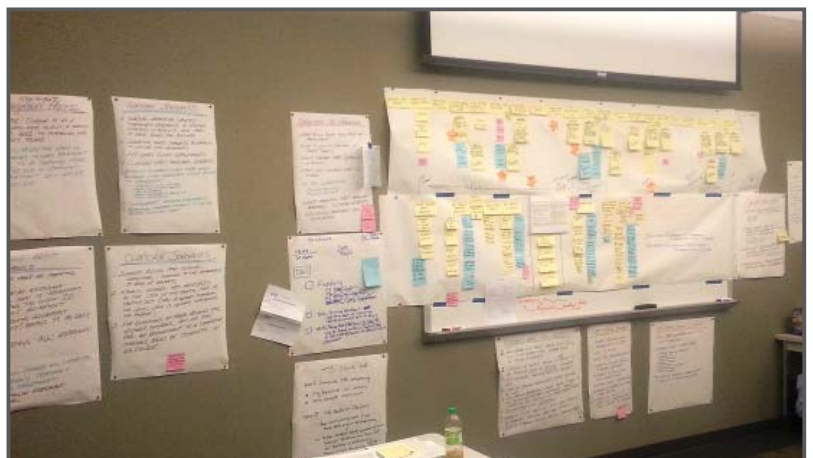
Lean performance improvement strategies can help governments deliver services to citizens more effectively by reducing variation, waste and delays in complicated processes. These strategies are common in business and industry – the Lean Academy helps bring them to local government organizations across the state.

The Local Government Performance Center has developed the Lean Academy to help more local governments learn and use lean strategies. The Academy brings a supportive environment to the training offered to local government employees, so they can learn process improvement tools and techniques.

Typical Lean Academy workshops deliver three days of training on Lean techniques followed by a one-week workshop analyzing their processes.

In 2013, four counties attended Lean Academy workshops, and are now using Lean to streamline their processes. For example, Whatcom County reduced the time it takes to issue a single family home construction permit from 31 to nine days following an intensive Lean analysis of its processes.

In order to keep up with the enormous demand, the Center added capacity so it can offer additional Lean Academy workshops in 2014.



## **What's next?**

In 2013, the Center's Leadership and Technical Experts advisory group asked us to make financial health a priority. In response, the Performance Center is working with local government officials, associations and other stakeholders to develop tools, training and technical assistance to help local governments in their role as stewards of financial resources.

The new financial health program will be designed to help elected officials and staff understand their financial management responsibilities and enable them to more easily monitor their financial health. The program aligns with the State Auditor's Office's strategic goals of helping governments work better, cost less, deliver higher value, and earn greater public trust.



# Following Up on 2013 Performance Audits

During 2013, our audits reviewed a diverse range of issues facing the state, including improving permit timeliness, enhancing background checks, and identifying money owed the state. This section summarizes these audits, including work conducted, recommendations made and any results to date.

## Developmental Disabilities Services in Washington: Increasing access and equality

**Evaluated:** Whether Washington provides effective services for people with developmental disabilities, and what steps Washington can take to improve its Developmental Disabilities program.

**What we found:** Washington's greatest challenge is making more equitable services available to all eligible individuals.

We found of the approximately 35,000 people who successfully applied for developmental disabilities services, 12,300 receive full services, 7,800 receive partial or limited services, and another 15,100 have applied and are eligible for services, but are on a waitlist. The state does not prioritize those awaiting services by their level of need. Within the system, we found people with similar levels of need receiving varying levels of care, in different residential settings, and at dramatically different costs. We also found varying access to integrated, individual employment across the state.

**Agency-reported results:** In March 2013, the Legislature passed and the governor signed House Bill 6387, extending assistance to 4,000 families waiting for respite care, and allowing another 1,000 people to receive full, community-based services. As a result of this action, the state's related Medicaid matching funds increased and these resulting funds must be directed to individuals waiting for services.

Additionally, the Department of Social and Health Service's Developmental Disabilities Administration recently increased support payment rates to promote individualized employment in non-sheltered workplaces.

## Regulatory Reform: Improving Permit Timeliness

**Evaluated:** How state agencies can improve permitting timeliness.

**What we found:** State agencies can shorten business permit application processing times through simple improvements. A survey conducted during the audit showed agencies make decisions for about half of all permits in two weeks or less, but some can take months or years. Agencies only provide permit processing times for about 15 percent of permits, and in some cases, agencies don't know how long processes take, since they don't measure permitting times.

Regulatory agencies can improve permit processing times by providing more information and assistance as businesses prepare applications, by measuring how long permit decisions take, and using that data and other measures to identify and correct process bottlenecks.

**HB 6387** was signed into law in March 2014, expanding services to Washington's developmentally-disabled community.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

**NEW SECTION. Sec. 1.** In conjunction with recent findings from the Washington state auditor's office, the legislature finds that there are thousands of state citizens who have been determined eligible for

10 services through the department of social and health services'  
11 developmental disability administration. For those who have asked for  
12 help but are waiting for services, families may experience financial or  
13 emotional hardships. The legislature intends to clarify and make  
14 transparent the process for accessing publicly funded services for  
15 individuals with developmental disabilities and their families. The  
16 legislature intends to significantly reduce the number of eligible  
17 individuals who are waiting for services by funding additional slots  
18 and by implementing new programs that better utilize federal funding  
19 partnerships.



**Agency-reported results:** In an effort to promote economic development through enhancing transparency and predictability of state agency permitting and review processes, the Legislature passed House Bill 2192. The bill states that each named agency should prepare an inventory of all the business permits identified in our audit report, and send it to the Governor’s Office for Regulatory Innovation and Assistance. These agencies include:

- Department of Agriculture
- Department of Archeology and Historic Preservation
- Department of Ecology
- Department of Fish and Wildlife
- Gambling Commission
- Department of Health
- Department of Labor and Industries
- Department of Licensing
- Liquor Control Board
- Department of Natural Resources
- Department of Revenue
- Department of Transportation
- Utilities and Transportation Commission

In the first six months since this audit was published, online information has improved and agencies now provide decision times for 40 percent of all permits.

### Enhancing Background Checks in Washington (Rap Back Service)

**Evaluated:** Whether automatic notification of new criminal events would enhance Washington’s current background check process, and, if it could, identify potential barriers to its implementation. These notification systems are commonly referred to as a rap back service because they draw on a person’s “rap sheet” of arrests.

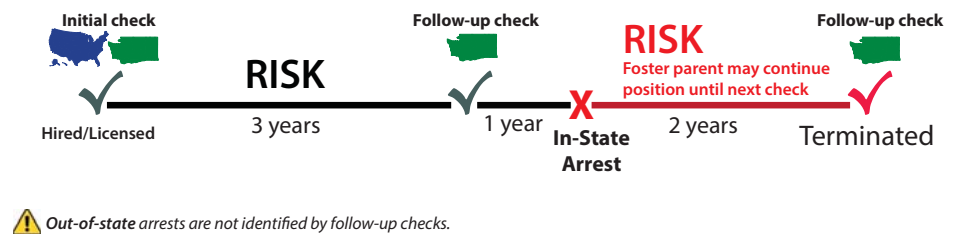
**What we found:** We found Washington’s background check process is falling behind other states because it does not provide an automatic notification if a person commits a criminal offense after passing a background check. Washington is one out of only 10 states that neither utilizes rap back services nor retains civil applicant fingerprints. However, while automatic notifications could enhance Washington’s current background check process, the state faces barriers to implementing a rap back service and would need to change state law and invest money to improve information technology systems.

**Agency-reported results:** This audit report continues to spur discussion amongst state agencies. For example, one agency that was not part of the audit is pursuing legislation supporting the audit recommendations, to allow the Washington State Patrol to retain applicant fingerprints to facilitate a rap back program.

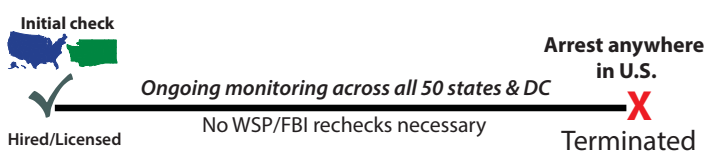
For many positions of trust, a state and/or federal background check occurs during the application process. Periodic follow-up checks are typically required, but often only at the state level.

#### Current background check process - Provides periodic monitoring

Example process: Foster parent license



#### Proposed process with a rap back service - Provides ongoing feedback



## Washington State Ferries: Vessel Construction Costs

**Evaluated:** How Washington State Ferry’s (WSF’s) construction costs compare with ferries built elsewhere, what factors affect costs, and how well Washington uses leading practices to develop, manage, and monitor ferry construction contracts.

**What we found:** Washington effectively uses eight of the 15 ferry construction leading practices we reviewed, but should consider adopting the others. It costs the state more to construct ferries in Washington compared to other ferry purchasers, partly due to requirements placed on the construction in order to promote economic activity in Washington, such as the Build in Washington laws and the Apprenticeship Act.

**Agency-reported results:** WSF implemented or is improving its use of six of the seven leading practices not already in place. For example, they are now:

- Fully adhering to fixed-price contracts for ship design and construction
- Waiting to start construction until design is complete and regulatory approval is obtained
- Shifting greater responsibility for the project delivery and quality to the shipyard
- Applying lessons learned from the build of the three Kwa-di Tabil class vessels to the construction of the first Olympic Class vessel, the *Tokitae*. For the Olympic class vessels now under construction, “lessons learned” are being specifically identified and documented, and are reviewed between the shipyard and owner during their monthly progress meetings. Lessons learned from the first vessel have been applied to the second vessel.
- Working to improve estimates of construction costs to reduce the use of large contingency amounts
- Using a single contractor for both vessel design and construction for the Olympic class vessels

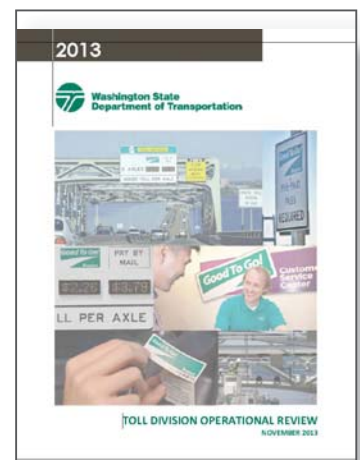
## Washington’s Tolling Program: Lessons Learned from Project Delays

**Evaluated:** Lessons learned from the state’s development and implementation of statewide all-electronic tolling.

**What we found:** Washington’s statewide all-electronic tolling system is fully operational, and through March 2013, collected more than \$67 million, helping pay for the SR 520 bridge. However, Washington began collecting tolls nine months behind schedule, a delay representing a lost opportunity to collect an additional \$40 million in tolls.

We found the Washington State Department of Transportation (WSDOT) did not adequately plan for or manage project risk, proactively manage the project, or hold the system vendor accountable to the terms of their contract. We also found WSDOT’s Toll Division lacked the necessary executive support, decision-making authority, and policies and procedures to effectively develop and implement the statewide all-electronic tolling system.

**Agency-reported results:** WSDOT issued two new Executive Orders, one addressing Toll Division roles and responsibilities and the other addressing the Toll Division’s delegation of authority.



The Toll Division established an internal program management organization, tasked with developing a project management guide incorporating tools and best practices for project management. Standardizing project management practices will help ensure future project success and lower overall costs. The Toll Division is also developing standard operating procedures for processes outside the new guide. WSDOT reported its progress to the Legislature in November 2013.

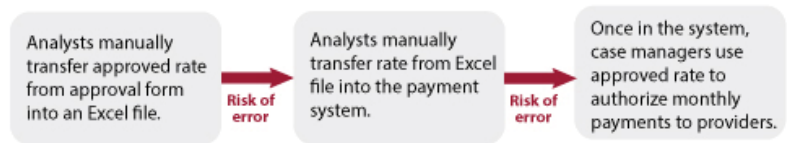
### **Developmental Disabilities Administration: Improving payment systems and monitoring necessary to prevent errors and improve safety**

**Evaluated:** Whether the Developmental Disabilities Administration (DDA) made improper payments to businesses providing supported living services.

**What we found:** The DDA's supported living payment process is insufficient and resulted in inaccurate and unauthorized provider payments.

We estimate the administration paid as much as \$17 million in incorrect and questionable payments in fiscal year 2012, including \$500,000 in overpayments, \$11 million in questionable payments and \$5.5 million in unauthorized payments.

#### **Transfer of approved rate into payment system**



We also found the current background check process for caregivers is ineffective, presenting safety risks to vulnerable citizens.

**Agency-reported results:** The DDA is implementing an automated, paperless rate authorization and approval system. When complete, the new system will incorporate both rate and payment information in a single system, mitigating potential errors when reconciling between the rate and payment systems under the current process. The DDA also established an ongoing background check training plan for all residential providers, and established a background check audit process for residential caregivers.

### **Creating a 21st-century Financial Management System in Washington**

**Evaluated:** The potential costs and benefits of implementing a modern, full featured Enterprise Resource Planning (ERP) system to replace Washington's current financial management system.

**What we found:** Washington's current financial management system does not efficiently meet current needs because of fragmented, out-of-date technology. The financial system comprises three tiers: the primary accounting system, core financial systems, and a constellation of smaller, agency-managed systems. Agencies use more than 100, often redundant components, ranging from spreadsheets to stand-alone systems. During the audit, agencies were already planning to modernize the state's financial management system. We recommended agencies proceed with those plans, and create a management structure that promotes strong financial management leadership.

**Agency-reported results:** As of July, three agencies – the Office of Financial Management, the Office of the Chief Information Officer and the Department of Enterprise Services – reported to the governor's Results Washington program that they had worked together to create an operational management structure for replacement of the state's financial management systems. The structure includes established roles and responsibilities, lines of communication, and stakeholder involvement

The project, named One Washington, is charged with preliminary planning for a new, ERP financial management system. The involved agencies started planning for the design and development of an ERP system that addresses current and future business needs at both the statewide and agency level. An integrated approach by state agencies in modernizing the state's financial system will help reduce risks and improve efficiency by streamlining processes and eliminating redundancies.

### **Initiative 1163: Long-Term Care Worker Certification Requirements**

**Evaluated:** Whether the Department of Health (DOH) and the Department of Social and Health Services (DSHS) implemented procedures to meet the background check, training and certification requirements of Initiative 1163, and to confirm if newly hired long-term care workers complied with certification requirements within statutory timeframes.

**What we found:** The departments met the objectives of Initiative 1163, although not all workers met certification requirements within required time frames. Of the 406 applicants we reviewed, 118 met requirements in the allotted time frame provided in Initiative 1163, while 288 applicants did not. Of the 288 applicants who did not meet requirements, DOH did not know when the worker was hired, so the agency could not determine whether they were exempt from Initiative 1163 certification requirements. It is possible more workers met exemption requirements, but DOH did not have sufficient documentation to demonstrate their exemption.

**Agency-reported results:** DSHS reviewed and took action on the 288 individuals who did not meet requirements and implemented a process intended to prohibit unqualified providers from serving clients until they meet all certification requirements.

The DOH Home Care Aide Certification application form now includes the date of hire and DOH retroactively recorded the date of hire for 3,372 of the 3,883 applications submitted prior to December 1, 2012, helping ensure Home Care Aides meet current certification requirements.

Additionally, a quality assurance program was implemented to include evaluating training programs with a participant pass rate of less than 80 percent, and improvement plans must be developed for these training programs. DSHS uses training programs with a pass rate of more than 80 percent to determine best practices to apply to other training programs.

## **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. The following are examples of how our work contributes to better government, even beyond the audit process.

### **State information technology consolidation and alignment efforts are under way**

Our 2009 **Opportunities for Washington** report identified cost-saving opportunities through consolidation and standardization of selected state services, including information technology. In August 2014, the Office of the Governor announced its intent to further align IT services. During the 2015 legislative session, the governor plans to seek significant changes to the current state IT structure. According to the Governor's Office, this will:

- Enable state government to deliver more value and faster service to citizens and internal customers
- Create a unified vision and roadmap as well as a single point of accountability for enterprise level information technology
- Optimize coordination between policy and operations

### **Commission pursuing legislation to retain civilian fingerprints**

In 2012, we made recommendations to strengthen background checks by conducting ongoing monitoring of those in positions of trust. While not part of our audit, the Nursing Care Quality Assurance Commission (NCQAC) within DOH is seeking to implement these recommendations and modify how they conduct criminal background checks in the future. They recently received permission to conduct federal background checks on all nursing applicants, allowing them to consider an applicant's criminal history nationwide.

In conjunction with this, NCQAC is pursuing changes in law that would allow the state to retain civilian fingerprints. This would permit the state to join the FBI's Next Generation Identification Rap Back Program allowing NCQAC and other state users to receive automatic notification of subsequent criminal activity committed in any part of the country by licensees. Pursuing federal background checks and attempting to pass this legislation will give NCQAC access to an applicant's prior criminal activity and any subsequent criminal arrests, allowing them to continually and more accurately assess their suitability for nursing positions.

Although our recommendations from the Enhancing Background Checks in Washington (Rap Back Service) performance audit were not addressed to NCQAC, they are pursuing the same changes we recommended to the Legislature using information from our report. If NCQAC's efforts are successful, it will satisfy this recommendation.



## State continues to work on a one-stop business services portal

We first reported on Washington's lack of a one-stop business portal in 2009, and followed up on the issue during recent regulatory reform audits. The Legislature and the governor supported the allocation of \$737,000 in the 2014 supplemental budget to continue work on a one-stop business portal. This effort, referred to as the Washington Business One Stop (WABOS) project and led by the Office of Chief Information Officer (OCIO), addresses the problem of incomplete information, along with other concerns of Washington business owners, to make it easier to do business in the state.

The first phase of the project, focused on customer research and discovery, is currently under way. Over the course of five months in 2014, the WABOS team spoke to more than 120 business owners to discover how the state can best provide information to decrease the amount of time they need to spend understanding and fulfilling regulatory responsibilities with the state.

### *Businesses now have 95 percent of regulatory requirements online*

Our first regulatory reform audit recommended all regulatory agencies provide complete and accurate online information for all business licenses and permits. Multiple agencies have made improvements, including:

- The Washington State Department of Agriculture created a single web page that links to brief summaries and Frequently Asked Questions for each permit, license, registration, and certification. These summaries further link to additional information to guide businesses through the application process. <http://agr.wa.gov/fp/forms/formsbyalpha.aspx>
- The Department of Health placed a prominent link for Licenses, Permits, and Certificates at the top of its main navigation bar. This link takes applicants to a directory of business licenses with clearly labeled categories linking to applications and forms, fee tables, and licensing requirements. [www.doh.wa.gov/LicensesPermitsandCertificates/](http://www.doh.wa.gov/LicensesPermitsandCertificates/)
- The Office of the Insurance Commissioner placed prominent links for different types of businesses in its main navigation bar. These links take producers and insurers to directories of information on getting licensed, making changes to their licenses, and company applications. [www.insurance.wa.gov/for-producers/](http://www.insurance.wa.gov/for-producers/)
- The Gambling Commission placed a prominent link for licensing at the top of its home page. This link takes applicants to a web page with links to licensing information, Frequently Asked Questions, and a directory of all of the agency's forms and applications. The web page also links to the Washington State Small Business Guide and the Governor's Office for Regulatory Assistance Regulatory Handbook. [www.wsgc.wa.gov/licensing.aspx](http://www.wsgc.wa.gov/licensing.aspx)



## State agencies continue to reduce outgoing mail volumes and save money

In 2011, we recommended ways the state could save money by reducing its mail volumes. In response, the Employment Security Department (ESD) stopped routinely mailing its “Handbook for Unemployed Workers” to new applicants for unemployment benefits, and instead sends an email or low-cost flyer with information on how to download the handbook online. ESD estimated this saves about \$300,000 a year in printing and mailing costs.

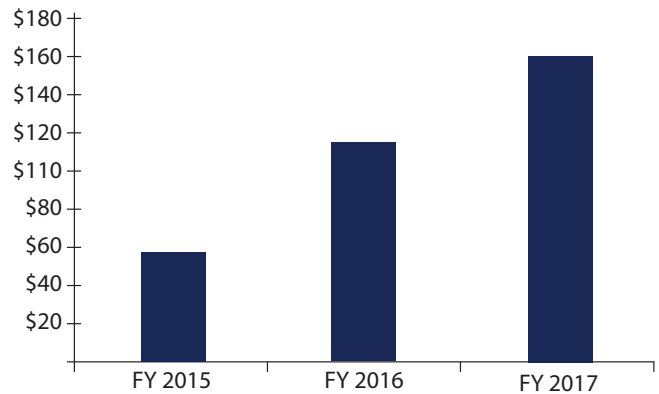
The Department of Labor and Industries implemented new technology to offer injured workers and crime victims two new benefit payment options (direct deposit and prepaid debit card) to avoid mailing paper checks, giving a more convenient, reliable, quick, and less costly method of payment. Implementation is scheduled for June 2015, and the agency estimates it will avoid \$60,000 in costs in the first fiscal year.

## Utilities and Transportation Commission improves the way it processes applications

In response to our performance audit on regulatory reform, the 2014 Legislature directed agencies to shorten the time it takes to submit, review and make decisions on permit applications through simple process improvements. Utilities Transportation Commission (UTC) staff conducted a Lean process improvement project to shorten application processing times for two industries, common carrier and household goods carrier. The resulting process changes affected all similar UTC transportation applications and permits. Consequently, staff improved the application process for all eight transportation applications, resulting in a quicker permitting process.

## Labor & Industries estimates the new benefit payment options will avoid almost \$60,000 in its first fiscal year

*Dollars in thousands*



*Source: Agency reported results, 2014.*



# 2014 Performance Audits

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The Performance Audit division's work includes a blend of long-term audits of major state programs and shorter evaluations designed to give policy-makers options to help them meet the state's challenges. This section discusses some of our 2014 performance audits, which we will review in our next Progress Report.

## **Post-Adoption Services**

*published February 10, 2014*

The performance audit showed that most service needs are being met. However, some families cannot get all the services they require, especially for children with the greatest needs, and many parents had problems finding information about services in their communities. We conducted a survey and found that more than half of parents gave poor to fair ratings regarding negotiating adoption support benefits. This is due in part to a lack of best practice guidelines for the program. Additionally, Washington could benefit by learning from other states' experiences and practices.

## **Safe Data Disposal – Protecting confidential information**

*published April 10, 2014*

The performance audit found confidential data on computers surplussed by four different state agencies. Based on our sample, we estimated 9 percent of the 1,215 computers sent to the surplus program during our six-week review contained confidential information. The audit also found that state agencies use varying policies and practices to remove data from computers before disposal. Of the 13 audited agencies, only two data disposal policies included a step to verify hard drives were empty or destroyed.

## **Health Care Authority's Oversight of Medicaid Managed Care**

*published April 14, 2014*

The performance audit identified weaknesses in HCA's oversight of managed care organizations, which led to these organizations overpaying providers, which in turn may have led to the state paying higher premiums to these organizations in fiscal year 2013 and beyond. Based on our best estimate, two managed care organizations overpaid their providers \$17.5 million for claims paid in 2013.

## **Higher Education Performance-Based Funding**

*published April 17, 2014:*

The performance audit identified that performance-based funding systems vary widely between states because different models address different policy goals. For example, some states use fewer than five metrics to measure performance, while others use more than a dozen, and the percentage of funding tied to performance ranges in states from 0.5 percent to 100 percent. We found that Washington's public four-year colleges and universities collect the data needed in order to use most metrics already employed by other states, including the five most common.

## **Low-Income Housing Rental Assistance Program Review**

*published August 14, 2014*

We partnered with the U.S. Government Accountability Office (GAO) to better understand Washington's low-income housing rental assistance programs. The GAO is an independent and nonpartisan federal agency that works for Congress. This work stems from a GAO pilot project to examine intergovernmental coordination and collaboration among rental housing assistance programs for low-income households. Auditors in Washington and other states, including Oregon and Colorado, participated in the pilot project.

The State Auditor's Office worked with six state agencies, housing authorities, and city departments to gather information on related programs, including barriers and challenges they face in meeting their performance goals. The GAO is using this information, as well as information from other states, to identify fragmentation, duplication, or overlap of rental assistance programs in a report scheduled to be published in early 2015.

## **Economic Development Performance Reporting**

*published October 2, 2014*

The Department of Commerce's Associate Development Organization (ADO) program provides economic development services tailored to meet local needs. We found that assessing the performance of economic development programs, including ADOs, is hampered by the difficulty in establishing a direct link between economic development activities and employment growth. In addition, some important activities of the development organizations are not readily measurable, while others provide a longer-term benefit not directly related to job growth.

The Legislature and Department of Commerce can make improvements in the existing performance measurement system by aligning performance measurement to leading practices. First, however, they need to clarify the goals of the program in order to ensure that they are measuring the right things.

## **Preventing Fraud and Abuse in Electronic Benefit Transfer Programs**

*published November 26, 2014*

Lawmakers and citizens have expressed concerns that safety-net programs are vulnerable to abuse, such as people obtaining benefits when they are not eligible, using their cards to buy unacceptable items, or selling their benefits for cash. The Department of Social and Health Services (DSHS) has engaged in a number of recent efforts to improve its oversight in these areas. This performance audit uses data and process analyses to determine if DSHS can improve oversight in these areas for the state's largest food and cash assistance programs.

## **Debt Offset Programs**

*planned publication December 2014*

As in many other states, Washington state agencies make payments to businesses that already owe debt to the state, likely to a different state agency. State debt offset programs help states recover delinquent debt by intercepting payments the state owes to businesses. This performance audit examines whether implementing a state debt-offset program and participating in the U.S. Treasury's State Reciprocal Program could help Washington collect delinquent business debt. The audit also identifies leading practices recommended by other states for developing and implementing effective debt-offset programs, and identifies changes Washington would need to make to put these programs into action.

## **Initiative 1163 – Home Care Aide Certification**

*planned publication December 2014*

Long-term care workers in Washington provide personal care services to vulnerable adults and children in their own homes, or in assisted living facilities and adult family homes. In 2011, voters approved Initiative 1163, which expanded background check screening and training requirements for long-term care workers and required these workers to obtain a home care aide certificate. This performance audit examines what improvements DSHS and DOH have made to help increase the certificate completion rate since the program began in 2012. The report also assesses whether DSHS has sufficient controls in place to prevent uncertified workers from working with clients in adult family homes.

## **Long-Term Care – New Freedom Consumer Directed Services**

*planned publication December 2014*

Washington spends approximately \$1.4 billion a year in state and federal Medicaid dollars for long-term care services, providing care to about 60,000 elderly and disabled low-income adults. Washington currently provides the majority of in-home services through an agency-led model, Community Options Program Entry System (COPES), but has a seven-year pilot project that uses the individual-budget model, New Freedom Consumer Directed Services. This audit assesses the relative performance of the two programs.

# Appendix A: How we track recommendations

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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 produce 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](http://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](http://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.

## 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.