Washington State Auditor's Office

Troy Kelley

Independence • Respect • Integrity

Performance Audit Overview

Financial Management Advisory Council
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Performance Audit

Performance audit background

Initiative 900

- Approved by Washington voters in 2005
- First audit began in 2006
- Authorizes performance audits of state agencies and local governments, including programs that cross agencies
- Performance audits evaluate government efficiency, effectiveness and economy

Performance audit staff

- 32 staff
  - Methodologist
  - CPAs
  - MPAs
  - Program Analysts
  - Financial Auditors
  - Former coroner
- 40 percent of staff telework 1-3 days a week
- Experience ranges from 3 months – 20+ years

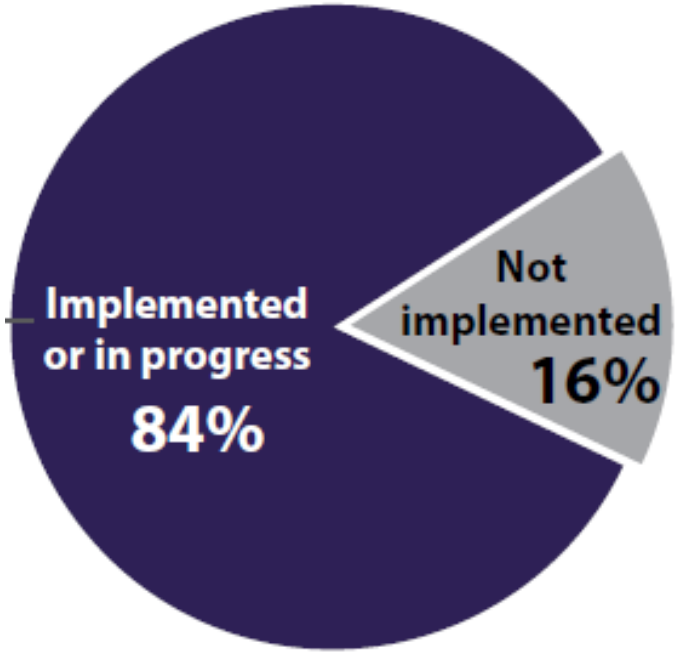
Results from performance audits

Since voters passed I-900:

- ✓ **More than 60** reports published
- ✓ **Over 1,600** recommendations
- ✓ **100+** state agencies and local governments
- ✓ **More than 80%** of recommendations adopted or in progress
- ✓ **Nearly $1 billion** in actual savings and revenue

Implementation summary

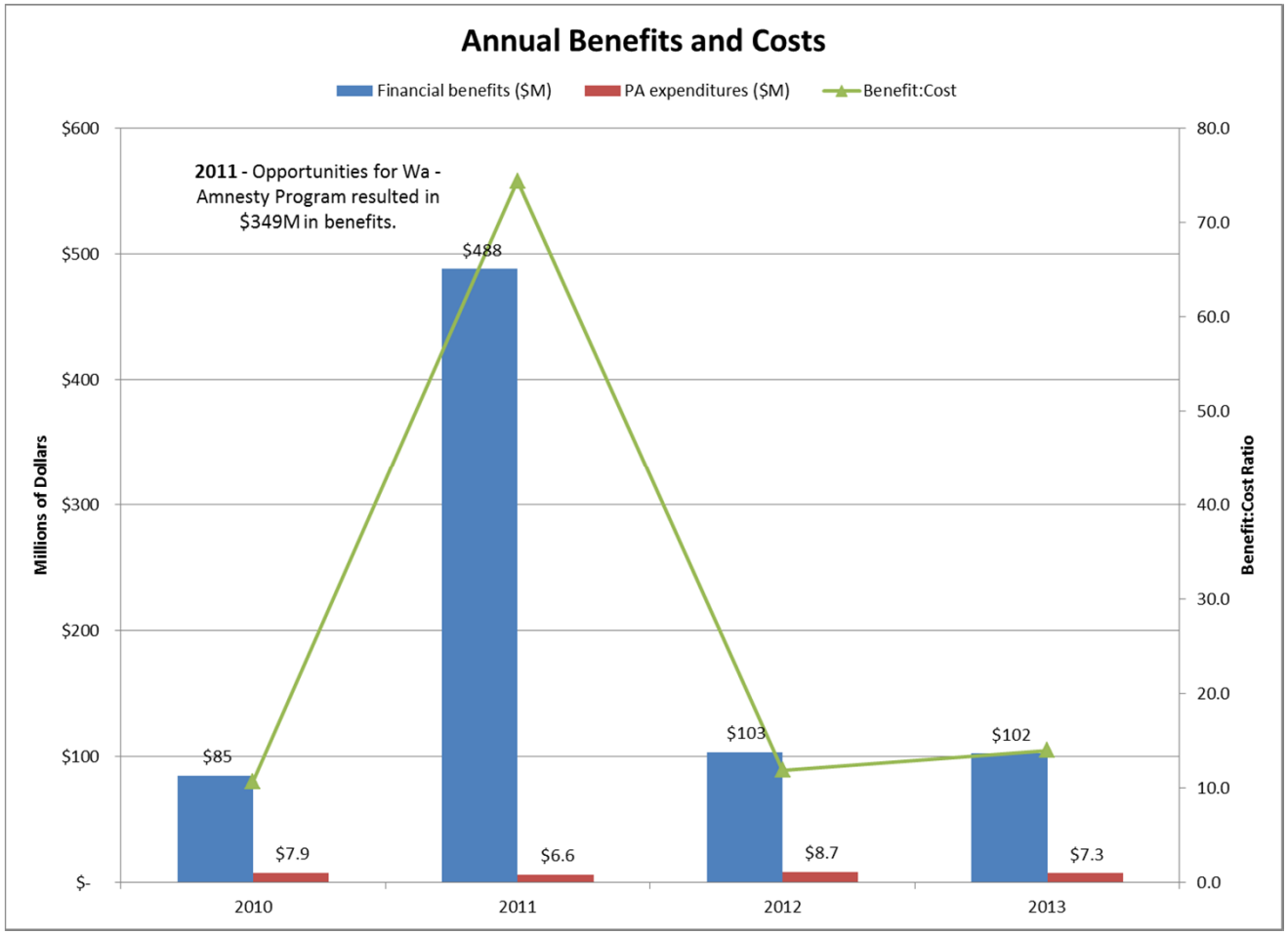
In last four years, **84%** of recommendations adopted or in progress and nearly **$780 million** in savings



Self-reported by agencies; we do not independently verify recommendation status or cost savings

Cost savings summary

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



Continuing to effect change

Cost savings

Tax Amnesty increases collections and adds more than 400 businesses to tax registry	**$348.5 million**
Debt Collection practices improved by 26 percent	**$333 million**
State consolidation and standardization efforts reduced costs	**$2.8 million** per biennium
State agencies reduce outgoing mail volumes	**$7.6 million**

Improved efficiencies

- K-20 Educational Network outlines plans for the future
- Port of Seattle takes initiative to improve transparency
- Fleet management audit prompts review of agency policies

Highlights of performance audits released in 2013

- **Regulatory Reform: Improving Permit Timeliness**

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

- **Washington's Tolling Program: Lessons Learned from Project Delays**

  The State Department of Transportation's State Route 520 tolling project experienced delays in implementation. To avoid future delays and complications, we recommended that the Transportation Secretary ensures clear decision-making authority for its Toll Division, as well as clearly defined roles and responsibilities for projects it manages.

Highlights of performance audits released in 2013

- **Developmental Disabilities in Washington, Increasing Access and Equality**

  About 35,000 people are eligible and have applied for developmental disabilities services; we found that about 12,000 receive full services, 7,800 receive only partial or limited services, and 15,000 receive no services from the state. We recommended that the Legislature direct DSHS' Developmental Disabilities Administration to maximize cost-effective types of care, and to develop strategies for prioritizing the people waiting for services by their needs.

- **Developmental Disabilities Administration: Improving payment systems**

  We 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.

2013 performance audits continued

- **Creating a 21st-century Financial Management System**

  Washington's current financial management system, which administers multi-billion-dollar budgets, is not meeting the state's needs. System inefficiencies accounted for more than a quarter of the time state agency staff spent on the financial management tasks we evaluated in this audit, but the current system is not in imminent danger of collapse. A new system would be costly, but could pay for itself over time.

- **Enhancing Background Checks in Washington**

  Washington could improve public safety by retaining fingerprints and implementing an automated background check service. We identified legal barriers to using such a service, and recommended that the Legislature revise state law to permit the retention of civil fingerprints.

2013 performance audits continued

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

  The initiative expanding background check screening and training and certification requirements for long-term care workers also requires periodic performance audits of the program. In this first audit, we found state agencies conduct the activities long-term care providers need to meet the initiative's certification standards. However, not all long-term care providers hired since Jan. 7, 2012 met the requirements in the law. We recommend state agencies review their processes and restrict providers from serving clients until they have met all certification requirements.

- **Washington State Ferries: Vessel Construction Costs**

  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.

2013 reports

- **Department of Corrections Prison Cost Drivers**

  Since 2008, the state has been working to reduce prison costs. We sought better information about how much the state spends on prisons, what drives those costs, and what the state has done to save money on the prison system.

- **Preventing and Detecting Medicaid Fraud, Waste, and Abuse in Managed Care**

  In 2013, managed care organizations received more than $1.4 billion from Washington state and the federal government to provide medical care for nearly 800,000 people. In this report we identity inadequate oversight to detect overpayments for patient care, and overpayments resulting in potentially higher premium cost for the state in 2013.

2014 performance audits

- **Post -Adoption Support and Services**

  This audit examined services provided to families who adopted foster children. We found most parents who adopted children from foster care do not need services beyond what the state already offers, but some families said they cannot get all the services they require, especially for the children with the greatest needs. Many parents also had problems finding information about services in their communities. We provided information on other states' efforts to help Washington determine how to better meet the needs of families adopting from foster care.

- **Higher Education Performance-Based Funding**

  This audit reviewed performance-based funding systems in other states to inform Washington's options for a system for its public four-year colleges and universities. We learned that Washington's four-year colleges and universities already collect data for most of the performance metrics used by other states, including the five most commonly used. We also identified several leading practices that could help guide policy makers in the development of a performance-based funding system.

2014 Performance Audits

- **Safe Data Disposal**

  We checked a sample of state computers sent for surplus or sale and found some contained confidential data that should have been removed. After our audit found weaknesses in the data removal system, state government organizations responded swiftly to improve their processes and better protect data on surplus computers.

- **Medicaid Managed Care Program Oversight**

  This audit of the Health Care Authority's Medicaid Managed Care Program found weaknesses in its oversight leading managed care organizations to pay more than was appropriate, which in turn may have led the state to pay higher premiums. We provided recommendations to HCA to improve its oversight.

Highlights of performance audits underway in 2014

- **State Debt Offset Program**

  Examining whether Washington can improve collection of delinquent debt through a debt offset program and identify potential barriers and leading practices for implementation.

- **EBT Card Use and Eligibility**

  Reviewing Washington's efforts to prevent improper use of Electronic Benefit Transfer cards and ensure participants are eligible to receive safety net benefits.

- **Long-Term Care**

  Determining whether outcomes and costs differ between two of Washington's in-home long-term care programs (New Freedom and COPES).

2014 performance audits continued

- **Accuracy and Completeness of Criminal Records**

  Determining if Washington criminal history records are accurate and complete, and if not, evaluate whether reporting entities follow leading practices.

- **Prison Safety and Security**

  An evaluation of recent changes to Dept. of Corrections safety and security program for prison staff including a comparison to industry standards and leading practices.

- **Alternative Learning Experience Program**

  Evaluating students, who are enrolled in ALE programs, progress and achievement at meeting academic standards.

Local Government Performance Center

- Created in 2012
- Taking best practices and lessons learned to local governments
- A virtual resource center for all local governments
- Trainings, tools and technical assistance
- Feedback from local governments very positive

Local Government Performance Center

Since the launch of the Local Government Performance Center, we have compiled **182 tools and links** on the website

Numbers at a glance:

- ✓ **88** training classes
- ✓ **3155** classroom training hours
- ✓ **2,673** students trained
- ✓ **9** Lean Academy events

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