

**PERFORMANCE AND
OUTCOME MEASURE
REVIEW:
DEPARTMENT OF
ECOLOGY CASE
STUDY**

REPORT 03-9

REPORT DIGEST

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JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

STUDY TEAM

**Robert Krell
Isabel Muñoz-Colón
Eric Thomas
Heather Moss**

LEGISLATIVE AUDITOR

Tom Sykes

Copies of final reports and digests are
available on the JLARC website at:

<http://jlarc.leg.wa.gov>

or contact

Joint Legislative Audit & Review
Committee
506 16th Avenue SE
Olympia, WA 98501-2323
(360) 786-5171
(360) 786-5180 FAX

Overview

This report reviews the performance measurement system of the Department of Ecology, focusing both on the measures themselves and the agency's use of those measures. Our overall conclusion is that Ecology has a generally effective system in place. Key measures were generally substantive, and staff could cite examples of how they used measures for management purposes. There are areas where Ecology can improve its system, however, and this report recommends strategies to address these areas.

Study Background

In its 2003-05 Work Plan, JLARC decided to examine issues pertaining to the state's fiscal reporting, accountability, and performance tracking systems. JLARC intends to conduct Performance and Outcome Measure Reviews of a number of key state agencies, with this being the first. Through these reviews, JLARC will continue to make accountability to the public among the highest priorities of the Legislature.

State Framework for Performance Measurement

The Legislature amended the state's Budgeting and Accounting Act in 1996 to require all state agencies to engage in strategic planning and related performance activities. The Office of the Governor has imposed additional requirements. The current state system of performance management and assessment, which applies to cabinet-level agencies, allows each to develop and track its own performance measures.

The Office of Financial Management (OFM) is the "point agency" for centralized activities related to state agency performance measurement. OFM does not, however, exercise oversight of the system; it does not, for example, approve agencies' performance measures.

Ecology's Performance Measurement System

To meet its statutory mandates, Ecology administers ten major environmental programs. Although the agency provides its programs centralized guidance and training for performance issues, individual programs are fairly autonomous in their selection and use of measures. Ecology requires programs to report regularly on their performance measures and relevant budget information, and agency leadership reviews measures at quarterly executive management meetings.

Ecology tracks over 250 measures for internal management purposes. To help focus our review, we asked Ecology to provide a list of its "key measures": those it considered to be its most significant for internal monitoring or external reporting purposes. Ecology provided one output and one outcome measure for each of the ten program areas. We agreed to this approach and based our review primarily on these measures.

Overall Findings

Based on our review of Ecology's key measures, program materials, and interviews with program staff, our overall conclusion is that Ecology has a generally effective performance measurement system in place:

- A formal performance measurement system is in place. The agency has assigned personnel to this function, and pertinent information is communicated throughout the agency;
- Most of its key measures are substantive, under the direct control of the program, and in line with program and agency goals and objectives;
- Most program managers were able to cite substantive examples of how performance measures are used as management tools;
- Performance measures are emphasized and discussed widely throughout the agency; and
- Performance measurement and assessment activities have the strong and active support of top agency management.

Areas of Concern

Although our overall assessment of Ecology's system was positive, we did identify some areas of concern.

Terminology and definitions lack consistency. Many items Ecology labeled as "input" or "output" measures are not performance measures at all. Instead they are specific tasks or broad strategies. Labeling them as measures is confusing, and makes it more difficult to distinguish and identify the agency's legitimate performance measures.

Ecology does not have, or even recognize "efficiency measures," which are a major type of performance measure and are a key accountability tool for assessing operational efficiency.

Some key principal activities lack performance measures. Ecology had not developed performance measures for some significant program activities.

Performance targets often are not based on external benchmarks. Ecology does not encourage and a number of program managers reported that they do not look to external sources when establishing performance target levels. External performance benchmarks, such as industry standards or the performance levels of comparable organizations, can provide more context for interpreting performance information, and should be encouraged.

Important background information is not readily available. Ecology does not maintain background information pertinent to its key measures. As it develops performance measures, Ecology should consider background information, from the measure's overall purpose to data collection and reliability issues. Such information would help focus measures on important issues and also would enrich performance reviews such as this one.

Ecology does not use its website to report performance-related information to its stakeholders and the public.

The broader state system was not the focus of this review, and we draw no conclusion whether or not the current decentralized approach is optimal. We suggest, however, that this issue is one that should be considered further.

Recommendations

To address the issues noted above, Ecology should:

1. Develop efficiency measures whenever practicable;
2. Develop measures for all of its key activity areas;
3. Encourage program managers to base performance targets on external standards or benchmarks, when possible;
4. Consider developing a process to gather background information for all its key measures; and
5. Report performance measure information on its website.