



Washington State Auditor's Office

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Regulatory Reform: Enhancing Regulatory Agency Coordination

Joint Legislative Audit and Review Committee
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Deborah Stephens, Senior Performance Auditor
Lori Reimann Garretson, Performance Auditor

Today's presentation

- 1. Background**
- 2. Enhancing regulatory agency coordination**
- 3. Next Steps**

A bit of history

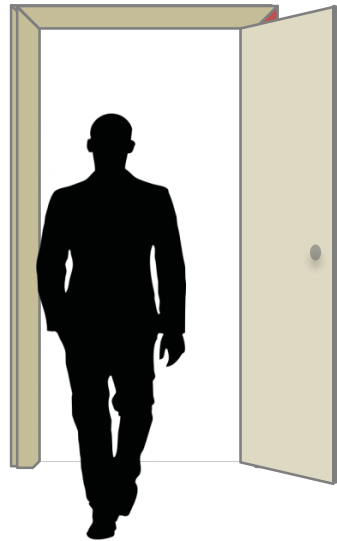
This is our **third audit** in a series on regulatory reform:

- **2011** Inventory of Regulations
- **2012** Communicating Regulatory Information and Streamlining Business Rules
- **2013** Improving Permit Timeliness
- **2015** Regulatory agency coordination audit

Facing government regulations



Facing government regulations



Why coordination?

- Streamlines regulatory processes – saving time and money
- Laws and executive orders have directed agencies to coordinate
- Businesses want better coordination
 - *“Ensure agencies do not have conflicting regulations”*
 - *“Why don’t agencies conduct concurrent application reviews and public comment periods?”*
 - *“Create ‘programmatic permits’ to go across several agencies”*
 - *“Encourage agencies to accept other agencies’ documents”*

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Audit questions

- ① Are state agencies currently coordinating their processes to minimize resources needed for businesses' regulatory approvals?
- ② Do opportunities exist for expanded coordination among Washington's regulatory agencies?

Evaluating coordination activities

- Identified leading practices from:
 - State and federal laws and executive orders
 - Government Accountability Office audits
- Compared efforts in Washington to leading practices in coordination:
 - Five well-known coordination initiatives
 - Three hypothetical business projects

Examined leading practices

Leading practices fell into four areas:

1 Communicating multi-agency requirements

- Transparent regulatory requirements

3 Coordinating regulatory activities

- Concurrent regulatory activities
- Interagency sharing of applicant information
- Structured communication channels

2 Coordination framework

- Interagency outreach to promote coordination
- Written policies and protocols
- Consistent regulations across agencies

4 Measuring coordination

- Performance measures
- Performance management

Examined well-known initiatives

Five initiatives aimed at improving coordination:

- Transportation Permit Efficiency and Accountability Committee (TPEAC)
- Shellfish Interagency Permitting Team (SIP)
- Seattle Restaurant Success Initiative
- Joint Aquatic Resource Permit Application (JARPA)
- Integrated Project Review and Mitigation Tool (iPRMT)

Three aligned well with leading practices

Three initiatives aligned with leading practices:

TPEAC, SIP, Seattle Restaurant Success

A few examples of their successful practices:

- Multi-agency permitting (MAP) team
- Programmatic permits
- Master list of requirements
- Quarterly scorecard

Three business projects

We reviewed three common types of businesses



- Mapped the process of starting a business, helping us identify all regulatory approvals and relevant agencies
- Examined the coordination between those relevant agencies

A mapping example



1. SET-UP

Secretary of State

- ✓ Register business

Revenue

- ✓ Submit business license application (BLS)

Employment Security

- ✓ Establish account

Local Agencies

- ✓ Apply for local business license
- ✓ Register with city/county

2. PRIOR TO OPENING

Local Agencies

- ✓ Apply for local building and health permits
- ✓ Apply for Food Service Establishment Permit
- ✓ Other local permits, licenses and inspections as necessary

Liquor Control Board

- ✓ Apply for Liquor Permit

Labor & Industries

- ✓ Apply for Electrical Work Permit
- ✓ Undergo Electrical inspection
- ✓ Apply for Boiler/Pressure Vessel Installation Permit
- ✓ Undergo Boiler/Pressure Vessel Installation inspection
- ✓ Apply for Elevator Permit
- ✓ Undergo Elevator Permit inspection

Washington State Fire Marshal

- ✓ Undergo inspection
- ✓ Receive list of fire and life safety deficiencies
- ✓ If necessary, undergo additional inspections

Health

- ✓ Apply for Assisted Living Facility Plan review
- ✓ Receive list of issues of noncompliance with building codes and discuss how to meet requirements
- ✓ Re-submit plans as necessary

Social & Health Services

Residential Care Services

- ✓ Apply for Assisted Living Facility License
- ✓ Meet with DSHS to discuss plan for meeting requirements
- ✓ Address issues, undergo inspections

Social & Health Services

Economic Services Administration

- ✓ Report all new hires within 20 days

3. ON-GOING OPERATIONS

Social & Health Services

Residential Care Services

- ✓ Renew license
- ✓ Undergo ongoing facility and provider licensing inspections
- ✓ Apply for change in bed capacity or remodel permits as needed
- ✓ Apply for contracts with DSHS to serve clients receiving Medicaid (optional)

Washington State Fire Marshal

- ✓ Undergo annual fire and life safety inspections

Revenue

- ✓ Pay state taxes
- ✓ Renew registration as a corporation (BLS)

Labor & Industries

- ✓ Submit quarterly reports
- ✓ Undergo Conveyance inspections
- ✓ Undergo Boiler/Pressure Vessel inspections

Employment Security

- ✓ File wage reports
- ✓ Pay unemployment insurance tax

Local Agencies

- ✓ Pay local taxes
- ✓ Renew Food Service Establishment Permit
- ✓ Ensure employees handling food have received training

Liquor Control Board

- ✓ Renew Liquor Permit



How did agencies do?

We found differences between successful initiatives and our three common business projects

Leading practices	Three well-known Initiatives	Three hypothetical projects
Transparent regulatory requirements	✓	✓
Interagency outreach to promote coordination	✓	✗
Written policies and protocols	✓	✗
Consistent regulations across agencies	△	△
Concurrent regulatory activities	✓	✗
Interagency sharing of applicant information	✓	✗
Structured communication channels	✓	△
Performance measures	△	△
Performance management	✓	△
Local participation	✓	✗

Why did agencies use fewer leading practices?

What we found

- Much of agencies' coordination is informal and as needed
- In many cases, agencies coordinate based on existing relationships with staff in other agencies
- Coordination with local entities is mixed – not all local entities wish to coordinate
- The state does not have a strategic approach to inter-agency coordination, nor a lead agency to develop one

Why a strategic approach?

- Not practical to formalize all coordination
- A strategic approach ensures:
 - No missed opportunities
 - Focus in priority areas
 - Ongoing coordination
- Agencies currently involved in multi-agency coordination:
 - Governor's Office of Regulatory Innovation and Assistance
 - Department of Commerce

Recommendations in brief

To enhance agency coordination, **we recommend** the Legislature assign a lead agency to:

- Develop a long-term strategy for identifying and prioritizing opportunities for coordination, with a timetable, based on:
 - Importance to the state
 - Industry needs
 - Potential for savings
- Convene agencies and help facilitate coordination
- Report to the Governor and Legislature annually

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Next steps

- Our next audit may address one unique business identifier across regulatory agencies
- We will continue to update the Inventory of Regulations

Contacts

Jan M. Jutte, CPA, CGFM

Acting State Auditor

(360) 902-0363

Auditor@sao.wa.gov

Chuck Pfeil, CPA

Director of State & Performance Audit

(360) 902-0366

Chuck.Pfeil@sao.wa.gov

Deborah Stephens

Senior Performance Auditor

(360) 725-9727

Deborah.Stephens@sao.wa.gov

Website: www.sao.wa.gov