

# PUBLIC TESTIMONY SUMMARY

## I-900 STATE AUDITOR'S PERFORMANCE AUDIT:

### Performance Measures in Economic Development Programs

Opportunities to enhance transparency and improve processes

(October 2, 2014)

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As Heard by the Joint Legislative Audit & Review Sub-Committee on I-900 Performance Audits  
on October 15, 2014

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**Title: Performance Measures in Economic Development Programs**

Opportunities to enhance transparency and improve processes

**Audit Scope and Objectives:**

SAO indicates it focused its audit on the Department of Commerce's (Commerce) management of performance measurement for the Associate Development Organization (ADO) program from July 2012 through December 2013. SAO reports it included performance measures, data, and documents for all of Washington's 34 ADOs in its analysis. SAO says the audit sought to answer the following questions:

1. Is it technically feasible to isolate the ADOs' impact on economic outcomes?
2. Are the performance measurement practices used by the Department of Commerce to manage ADO contracts aligned with statutory intent?
3. Are the performance measurement practices used by the Department of Commerce to manage ADO contracts aligned with leading practices?

**SAO Findings:**

1. Commerce cannot measure ADO impact;
2. The performance measurement system is not working as intended;
3. The performance measurement system is partially aligned with leading practices.

**SAO Recommendations:**

In order to help the state align ADO performance measurement with leading practices, SAO recommends:

1. The Legislature establish clear goals for the program in consultation with Commerce and ADOs.
2. The Legislature reform reporting requirements for both Commerce and the ADO program.
3. Commerce and ADOs improve performance measures based on clarified program goals.

<b>Agency Responses in Audit Report?</b>	Yes, beginning on page 28
<b>Legislative Action Requested?</b>	Yes – the first two recommendations above request legislative action

**Agencies Testifying:**

The Office of Financial Management (OFM) (Tracy Guerin, Deputy Director)  
The Department of Commerce (Mary Trimarco, Assistant Director, Business Services)

**Summary of Testimony from Audited Agencies:**

We look forward to working with the Legislature so that we can improve our ability to report on the quality and outputs of this program in the future. This is a balanced and well-written report on a complex issue. The Department of Commerce will be seeking guidance from the Legislature on the program goals and measures to demonstrate the effectiveness of ADO activities.

**Other Parties Testifying:**

Matt Matayoshi, Lewis County Economic Development Council

**Summary of Testimony from Other Parties:**

I am here representing ADOs across the state. We are happy to work with Commerce, the Legislature, and OFM on a process to follow up on this report. We are quite familiar with performance measures. We have previously had committees and work groups with Commerce on this topic and are happy to go through a process again.

The ADOs have local boards that provide oversight, input, and direction to staff. If ADOs are going to provide value, that value can be measured by membership and the vote of confidence we receive from those in our community.