

King County Auditor's Office

Kymber Waltnunson, King County Auditor



King County

DATE: August 4, 2014

TO: Metropolitan King County Councilmembers

FROM: Kymber Waltnunson, King County Auditor

SUBJECT: Follow-up on the 2013 Performance Audit of Environmental Health Services

The Environmental Health Services (EHS) Division has made progress implementing all five recommendations resulting in initial steps to identify potential efficiencies in job duties, update data and assumptions behind rates and fees, and define a fund balance policy. For example, EHS is currently conducting a rate study that will include new data and compare rates under unified, hybrid, and program-based models. It will be important for decision-makers that the final study includes analysis on the equity and efficiency impacts of each of the presented options. Additional actions are needed to fully implement all of the recommendations.

Of the five audit recommendations:

DONE	0	Recommendations have been fully implemented Auditor will no longer monitor
PROGRESS	5	Recommendations are in progress or partially implemented Auditor will continue to monitor
OPEN	0	Recommendations remain unresolved Auditor will continue to monitor

Please see below for details on the implementation status of these recommendations.

Implementation Status as of July 2014

#	Quick Status	Recommendation	Status Detail
1	PROGRESS	EHS should complete its strategic plan and integrate it with a financial plan. As part of its financial plan development, EHS should revise the existing fund balance policy, consistent with PSB guidance, to address the time period over which needed fund balances are built, and to ensure it preserves a prudent level of cash reserves for fee stability while minimizing cross subsidization among fee programs.	EHS has completed its strategic plan and it contains references to an updated financial plan. EHS has drafted a financial plan for its budget and fund balance policy in consultation with the Office of Performance, Strategy & Budget (PSB) on its content. As part of our ongoing follow-up efforts, we will review the final plan for adherence to PSB's guidance and provisions for monitoring reserves, and for how EHS is planning to avoid cross subsidization among fee programs.
2	PROGRESS	EHS should re-evaluate the policy of having a unified rate and make recommendations to the Board of Health for modifications needed to address fee equity and efficiency.	EHS has hired a consultant to inform a re-evaluation of the unified rate with a rate study. EHS has not provided a completion date for this study. It is expected that the Environmental Health Fee Advisory Committee of the Board of Health (BOH) will utilize this study to inform a recommendation on the rate structure to the full board this year. We anticipate that the final product will include information important to BOH decision-makers, including how the various potential models address concerns raised in the 2013 audit related to fee equity and efficiency. According to EHS, rates will also be reviewed in 2016 to account for recommendations made as part of the Food Program Review.

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3	PROGRESS	As initially recommended in 2008, EHS should review its fees annually to monitor equity among programs and ensure that revenues generated from fees will be sufficient to recover, but not exceed, the cost of providing services and an appropriate year-end fund balance that is managed according to county and department policies. The results of this annual review should be reported to the Board of Health.	The current draft of the reserve fund policy includes a provision for EHS to review the fund levels and update the financial plan. We are encouraged that the BOH committee has received information from EHS about the legal issues of cross subsidization among programs. This information will be important for informing how EHS monitors equity among programs and how cost recovery is defined.
4	PROGRESS	EHS should update and validate the data, calculations, and assumptions it uses for setting hourly rates on at least a two-year cycle.	EHS is currently updating and validating its data, calculations, and assumptions used for setting hourly rates through its ongoing rate study. According to EHS, the analysis from the Food Program Review will likely lead to an update to food program rates in 2016. EHS and the BOH committee are currently discussing the cycle for future monitoring and evaluation of rates. As stated in the 2013 report, the Auditor's Office is primarily concerned that the timing be regular and relevant for ensuring EHS does not rely on outdated information.
5	PROGRESS	EHS should implement a rigorous approach to staff allocations addressing the four best practice factors we identified which include a defined staffing methodology with staffing standards and performance measures related to caseloads and workloads.	EHS has taken a number of steps toward improving its staff allocation process, including a business process review, staffing studies, and development of a draft staffing metric. Specifically, EHS is conducting assessments of its administrative and community environmental health services, which are intended to develop strategies to address skills needs and identify potential efficiencies in job duties. EHS reports these efforts will result in a defined staffing methodology. EHS states that it plans to start implementation of the new strategies before the end of 2014. Findings from the rate study and Food

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			Program Review are also anticipated to inform the new staffing methodology. Additionally, EHS is drafting goals and performance metrics, which will be used for monthly reviews starting in 2015. While these efforts are ongoing, EHS is using a new staffing request form to screen position requests, which is intended to ensure that programs are able to justify any new staff.

Elise Garvey, Management Auditor, and Bob Thomas, Senior Principal Management Auditor, conducted this review. Brooke Leary, Senior Principal Management Auditor, was the project supervisor. Please contact Elise Garvey at 477-1038, or Brooke Leary at 477-1044 if you have any questions about the issues discussed in this letter.

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