



REVIEW OF AGENCY PERFORMANCE MEASURES FOR THE YEAR ENDED JUNE 30, 2015

Auditor of Public Accounts
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REVIEW SUMMARY

This report includes the results of our annual review of performance measures reported by the Department of Planning and Budget (Planning and Budget) on the [Virginia Performs website](#). The [Code of Virginia](#) requires a review to ensure that agencies are reporting accurate and appropriate information.

We reviewed information on *Virginia Performs* for a sample of performance measures to determine if the results for fiscal year 2015 were accurate, reliable, and understandable. Overall, performance measure results were accurate and reliable for the performance measures included in our review, but we observed considerable issues with agencies reporting untimely results on *Virginia Performs*. We also noted issues with the data source and calculation field, short and long-term targets, and preferred trends, but many of those issues also stem from agencies not reporting information on *Virginia Performs*. Lastly, as we noted in the 2014 statewide review, there are understandability issues with some of the key performance measure names. Based on our understanding, Planning and Budget had limited involvement during the discussion and development of the new key performance measures developed for the 2014-2016 biennium. As a result, some of the key measure names did not conform to Planning and Budget's guidelines.

Planning and Budget reports over 900 performance measures on *Virginia Performs* and the measures are classified into three different types – key measures, productivity measures, and other agency measures.

- Key measures, as currently defined by Governor McAuliffe's administration, relate to an agency's core mission and are used as an accountability tool for agency directors.
- Productivity measures relate to the costs associated with an agency's core business functions.
- Other agency measures relates to an agency's program functions and represent the largest performance measures category for Commonwealth agencies

Our review for fiscal year 2015 focused solely on key performance measures and other agency measures. We also surveyed agencies on how they utilize key and other agency performance measures. Generally, agencies use measure results to evaluate the effectiveness of their programs and to identify if changes can be made to better fulfill the agency's mission.

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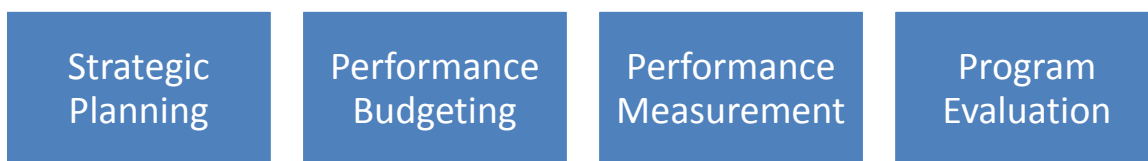
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PERFORMANCE MEASUREMENT IN VIRGINIA

This report summarizes our required review of executive branch agency's performance measures. [Section 30-133 \(B\)](#) of the [Code of Virginia](#) requires the Auditor of Public Accounts to audit performance measures and review the related management systems used to accumulate and report the results.

[Section 2.2-1501](#) of the [Code of Virginia](#) requires Planning and Budget to develop, coordinate, and implement a performance management system, which includes performance measurement. The four components of the Commonwealth's performance management system are as follows:



Planning and Budget also ensures that information is useful for managing and improving the efficiency and effectiveness of state government operations, and is available to citizens and public officials. In 2014, the Governor's administration, with some input from state agency directors, cabinet secretaries and other administration officials, determined executive branch agencies' key performance measures. Agencies develop productivity and other agency measures, as well as maintain, update, and report on all performance measures on the *Virginia Performs* website.

Several key policy makers are involved in the Commonwealth's performance management structure. The Governor chairs the Council on Virginia's Future (the Council) and it is comprised of members of the legislature, members of the Governor's cabinet, and members from the private sector. The Council recommends the long-term governing vision for the Commonwealth, including broad statewide goals for state agencies. In 2014, the Governor's administration developed 43 Enterprise Strategic Priorities. State agencies' individual performance measures are now aligned to the Enterprise Strategic Priorities set by the Governor's administration, and ultimately linked to the goals developed by the Council. Lastly, Planning and Budget administers the system of performance measures for state agencies and maintains the *Virginia Performs* website that serves as a resource for performance management information for executive branch agencies.

OBSERVATION

The General Assembly created the Council on Virginia's Future in 2003 as a part of the Government Performance and Results Act. The Council's commission is set to expire on July 1, 2017, and the sunset provision in its enabling legislation was not extended during the 2017 session of the General Assembly. As such, the Governor and the General Assembly will need to determine how to continue to fulfill the Council's responsibilities in the performance management structure.

Currently, there are three different classifications for performance measures reported on *Virginia Performs* – key measures, productivity measures, and other agency measures. Table 1 shows over 900 performance measures reported on *Virginia Performs*.

Number and Percentage of Performance Measures by Type

Table 1

	Number of Performance Measures	Percentage of Total Measures
Key Measures	290	31%
Productivity Measures	97	10%
Other Agency Measures	551	59%
Total Measures	938	100%

Source: Performance Budgeting System, Department of Planning and Budget

We discussed the structural and functional changes to the system of performance measurement that occurred for the 2014-2016 biennium in our 2014 statewide review. For fiscal year 2015, there were no significant structural or functional changes. During the middle of a biennium, Planning and Budget provides changes to the system as necessary, but substantial changes occur primarily at the onset of a new biennium or upon the election of a new Governor.

REVIEW OF AGENCY PERFORMANCE MEASURES

Section 30-133 of the Code of Virginia requires the Auditor of Public Accounts to review and report on performance measures developed and reported by state agencies. Planning and Budget is responsible for the development, coordination, and implementation of a strategic planning system that includes performance measurement. Planning and Budget is also required to ensure that the performance measurement information is useful for managing and improving the efficiency and effectiveness of state government operations, and is made available to citizens and public officials. State agencies are responsible for publishing all performance measure results on the *Virginia Performs* website, while Planning and Budget reviews and publishes all performance measure changes.

Objectives, Scope, Method of Review

Our review of 2015 performance measures included both key and other agency measures. We randomly selected 45 performance measures to review, which consisted of 30 key performance measures and 15 other agency measures. This review included 34 separate agencies in total. Our review did not include institutions of higher education, as colleges and universities report performance information separately to the State Council of Higher Education for Virginia. However, the review did include the New College Institute and the State Council of Higher Education in Virginia, as their measures are reported on *Virginia Performs*.

Performance measures reported on the *Virginia Performs* website include several standard reporting elements that assist the user in determining the performance measure results and other

relevant information. Planning and Budget provides guidance for state agencies regarding what types of information should be included in the reporting elements. We reviewed performance measure results and certain data elements to ensure that users of the performance measures could understand the results and the accompanying information. As part of our review, we obtained and reviewed documentation from the agencies selected. We reviewed Planning and Budget's guidance and instructions to the individual agencies regarding the development and reporting of performance measures.

We evaluated the following elements based on Planning and Budget's guidance in the manner described below:

- We reviewed the *Measure Name* to ensure that it was appropriate and understandable.
- We reviewed the *Measure Type* to ensure that it was appropriate in relation to the selected performance measure.
- We reviewed the *Preferred Trend* to ensure that it accurately reflected the intent of the performance measure.
- We reviewed the *Data Source and Calculation* information to ensure that it was reasonable and offered users adequate information to determine the source of the data and the calculation of the performance measure.
- We reviewed the *Short Target* and the *Long Target* data to ensure that the stated objectives were reasonable in relation to the data provided within the performance measure.
- We reviewed the *Measure Frequency* to ensure that the agency was reporting the data in accordance with the established timeframe in the performance measure.
- We reviewed the *Measure Data*, or the data developed for fiscal year 2015 or the most recent year available to measure the activity selected, to ensure the accuracy of the figures reported by the agency. We determined the accuracy of the data within a five percent tolerable threshold.
- We reviewed the *Explanatory Note* field to ensure that the information contained therein was applicable and appropriate for the performance measure selected.

Results of the Performance Measures Reviewed

State agencies did not update measure data timely for 22 of 45 (49 percent) performance measures reviewed. After contacting the agencies selected, the agencies updated performance measure data for 20 of the 22 performance measures that initially lacked data. Of the 20 measures that were subsequently updated, three were updated after our testwork was complete. Performance measure

data reported on *Virginia Performs* for fiscal year 2015, or the most recent year available, was accurate for 40 of 45 (89 percent) performance measures reviewed. At the time that we performed the review, measure data was not reported for five of the performance measures selected; therefore, we could not evaluate the accuracy of the measure data.

There were 21 exceptions in other performance measure reporting elements (e.g., data source, measure type, targets, preferred trend). Most of the exceptions were due to agencies not updating data elements in *Virginia Performs*. In addition, there continues to be issues with key measure names and there were instances of incorrect measure types and preferred trends. In the 2014 statewide review, we noted that key measure names did not always conform to Planning and Budget's guidelines, and this was a result of Planning and Budget having limited involvement in the development of key performance measures. After contacting agencies about reporting elements that were missing or incorrect, it was determined that certain items could not be corrected in *Virginia Performs* until Planning and Budget allowed agencies to modify those data elements in *Virginia Performs*. Based on our discussion with the agencies, corrections would be made once *Virginia Performs* was available for updates. The individual performance measures and agencies reviewed are included in Appendix A, which includes a designation for the performance measures that had exceptions as discussed above.

OBSERVATION

Performance measures are an integral part of the Commonwealth's performance management system and agencies should update performance measure data in a timely manner. Under the current performance management structure, performance measures, specifically key performance measures, are primarily an accountability tool for the agency's director and the agency. Agencies are responsible for publishing their performance measures. Not publishing results and publishing untimely results reduces the ability of the administration, agency officials, and other policy makers to manage and improve the efficiency and effectiveness of state government operations. Agency officials should be held accountable for reporting measure results that will help prioritize and allocate resources to ensure goals are met.

Status of Prior Year Statewide Observations

Our 2014 statewide review included several observations related to the performance measurement process. While future gubernatorial administrations will affect two of the four observations related to structural issues, the remaining two observations related to the role Planning and Budget plays in the performance measurement process. We recommended that Planning and Budget and the Governor's administration work closely to ensure the integrity of the Commonwealth's system of performance measurement is maintained. Planning and Budget indicated they are actively communicating with the Governor's administration to help develop guidelines for its budget analysts to help align agency performance measures with the administration's priorities.

Because there were no significant structural changes since the previous year's statewide review, we only measured progress on the observations related to Planning and Budget. We recommended that Planning and Budget consider developing a consistent method for reviewing performance measures information by its budget analysts. For the 2016-18 biennium, Planning and Budget planned to provide budget analysts instructions and training on how to review updated performance measure and help agencies improve their measures.

OBSERVATION

Item 268 of Chapter 665, 2015 Acts of Assembly, requires Planning and Budget to periodically review the structure and content of performance measures, the processes used to develop and implement measures, the degree to which agencies achieve intended goals and results, and the relation between intended and actual results and budget requirements. If the Commonwealth intends to continue to use performance measures as an accountability tool for agency directors and to evaluate agencies' programs, Planning and Budget should ensure that their processes include periodically reviewing performance measure information to evaluate whether agencies are meeting performance measure goals and to determine if there is any relationship between performance measure results and budget requirements. Planning and Budget should use results of their evaluations to make necessary changes to the Commonwealth's performance management system.



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Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

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May 15, 2017

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrrock, Sr.
Chairman, Joint Legislative Audit
And Review Commission

We have audited the performance measures reported on the *Virginia Performs* website and are pleased to submit our report entitled "Review of Agency Performance Measures" for the fiscal year ended June 30, 2015. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

A nonstatistical sampling approach was used. Our sample was designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the sample selected was representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the sample and when appropriate, we projected our results to the population.

Overall, we found that performance measures results reported for fiscal year 2015 were accurate and reliable for the majority of our sample. However, we did find several exceptions in other data elements that affect the user's ability to understand the performance measure and interpret the results.

We followed up on certain audit findings from the prior year review and the results of this follow up are discussed in the section entitled "Status of Prior Year Statewide Observations."

Exit Conference and Report Distribution

We discussed this report with management on May 8, 2017. Management elected to not provide a response for inclusion in the audit report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

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APPENDIX A

INDIVIDUAL AGENCY PERFORMANCE MEASURES REVIEWED

This Appendix summarizes the results of our 2015 performance measure review. Agencies and the individual measures reviewed are listed below. The following key explains exceptions found for each measure.

Exception Key

- 1 = Measure Data was not reported on Virginia Performs.
- 2 = Key measure developed by the Governor's Administration. Measure name does not conform to Planning and Budget guidelines.
- 3 = Short term targets were not reasonable or not reported on Virginia Performs.
- 4 = Long term targets were not reasonable or not reported on Virginia Performs.
- 5 = Measure Results were not reported on a proper timeframe.
- 6 = Preferred Trend is not appropriate in relation to the performance measure.
- 7 = Data source and calculation were not reported on Virginia Performs.
- 8 = Measure Type is not appropriate in relation to the performance measure.

- * = Exception cleared by agency subsequent to notification from auditor.
- ** = Measure Results reported by agency after testwork was complete.
- *** = New key measure. Per the agency, while the preferred trend is to increase, the long and short targets are the same until data is available to better establish measure targets.

Bold Measure Names = Key performance measure

Agency Name	Measure Name	Type of Exception
Compensation Board	Overall customer satisfaction with Compensation Board activities, as demonstrated by the ratings (percentage) received in an annual survey of all constitutional officers	1*
Department for Aging and Rehabilitative Services	Number of times the Comptroller's Quarterly Report identifies issues of compliance with State Fiscal Policy	4
Department of Conservation and Recreation	Percent of excellent or good responses on the State Park Customer Satisfaction Survey	No exceptions noted
Department of Corrections	Percentage of community facilities compliant with preventive maintenance requirements for emergency equipment/mechanical systems (Level I priority)	No exceptions noted
Department of Corrections	Number of escapes from confinement	No exceptions noted

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INDIVIDUAL AGENCY PERFORMANCE MEASURES REVIEWED

Agency Name	Measure Name	Type of Exception
Department of Criminal Justice Services	Percentage of grant progress reports reviewed within 45 days of receipt by the Department of Criminal Justice Services	No exceptions noted
Department of Education	Percentage of schools fully accredited in the Governor's designated high-poverty communities	1*, 3, 4, 7
Department of Emergency Management	Establish stakeholder involved strategic allocation for State Homeland Security Grant Programs	1*, 2
Department of Environmental Quality	Percentage of Groundwater Technical Evaluations completed within the 60 day timeframe required by the procedures manual	No exceptions noted
Department of Fire Programs	Total number Critical Infrastructure and Key Assets (CIKA) of inspections conducted annually by the State Fire Marshal's Office (SFMO) inspectors	No exceptions noted
Department of Forensic Science	Average turnaround time for controlled substances cases that are analyzed and the results reported to the requesting authority (Certificate of Analysis issued)	No exceptions noted
Department of Forestry	Percentage of harvest sites with sediment not reaching streams	No exceptions noted
Department of Game and Inland Fisheries	Number of paid magazine subscriptions	1, 3, 4, 7
Department of Health	Percentage of Failing Onsite Sewage Systems Corrected Within 60 Days of Local Health Departments becoming Aware of the Issue	1**
Department of Health	Number of J-1 visa waiver recommendations	1**, 6
Department of Health	Percentage of health care facilities inspected within the required time frames	1**
Department of Housing and Community Development	Annual percentage reduction in the number of homeless persons	6
Department of Housing and Community Development	Number of homeless households securing permanent housing	No exceptions noted
Department of Housing and Community Development	Total number of reports issued by the Commission on Local Government annually	No exceptions noted
Department of Juvenile Justice	Number of serious aggressive incidents exhibited by residents in the Juvenile Correctional Centers	1*

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INDIVIDUAL AGENCY PERFORMANCE MEASURES REVIEWED

Agency Name	Measure Name	Type of Exception
Department of Medical Assistance Services	Percentage of pregnant women in managed care who receive timely prenatal care	1*, 6
Department of Mines, Minerals, and Energy	Number of serious injuries and fatalities at mineral and fossil fuel extraction sites per 200,000 worker hours	1*
Department of Mines, Minerals, and Energy	Percentage of customers satisfied with coal mine safety information and data provided by the Department of Mines, Minerals and Energy	1*
Department of Motor Vehicles	Number of alternative government services transactions performed	No exceptions noted
Department of Social Services	Percentage of the eligible population enrolled in the Supplemental Nutrition Assistance Program (SNAP)(SNAP Participation Rate)	4
Department of Taxation	Percentage of payments and returns received electronically	1*
Department of Taxation	Average rating received on customer satisfaction surveys	1*
Virginia Department of Transportation	Percentage of secondary roadway pavement lane miles rated in fair or better condition	No exceptions noted
Virginia Department of Transportation	Percentage of environmental reports listing projects as in compliance	No exceptions noted
Virginia Department of Transportation	Percentage of total expenditures classified as administrative expense	No exceptions noted
Department of the Treasury	Ensure that all debt disclosure requirements are met and provided on a timely basis	No exceptions noted
Frontier Culture Museum of Virginia	Percentage of Museum education programs that will correlate with the objectives of the Standards of Learning (SOL) Curriculum Framework for History and Social Science	No exceptions noted
Gunston Hall	Develop and implement educational experiences and opportunities targeted towards at-risk populations such as struggling schools in high poverty areas and youth in foster care and develop and implement early childhood educational experiences and opportunities	1, 3, 4, 7

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INDIVIDUAL AGENCY PERFORMANCE MEASURES REVIEWED

Agency Name	Measure Name	Type of Exception
Innovation and Entrepreneurship Investment Authority	Number of Growth Acceleration Program (GAP) investments	1*
Innovation and Entrepreneurship Investment Authority	Virginia's placement relative to all U.S. states for the amount of venture capital	1*
Innovation and Entrepreneurship Investment Authority	The amount of venture and angel capital dollars attracted as a result of CIT Growth Acceleration Program (GAP)	1*
Library of Virginia	Increase number of participants in training workshops in the use of Early Literacy Activity Centers	1*
New College Institute	Offer educational programs each semester to enhance K-12 offerings, particularly in STEM	1*, 2
Office of Children's Services	Percentage of CSA funded youth receiving only community-based services compared to the total number of youth funded by CSA	1*
Science Museum of Virginia	Number of family-education program offerings	8
State Council of Higher Education for Virginia	Average number of working days between receipt and completion of Legislative Action Summaries (LASs) and Fiscal Impact Statements (FISs)	No exceptions noted
Virginia Economic Development Partnership	10-year state revenue generated by jobs created and billions of dollars invested by new and existing companies ***	1*, 2, 3, 4, 5*
Virginia Information Technologies Agency	Customer agency adoption of VITA-offered enterprise shared services, particularly MITA platform. Target: 50% increase in citizen utilization (transactions) of Commonwealth Authentication System (CAS) to access eHHR and other systems in CA2015	No exceptions noted
Virginia Museum of Natural History	Number of outreach education programs and services delivered	1*
Virginia Tourism Authority	Amount leveraged for every grant dollar invested	No exceptions noted

DEPARTMENT OF PLANNING AND BUDGET OFFICIALS

As of June 30, 2015

Daniel S. Timberlake

Director of the Department of Planning and Budget

John Ringer

Associate Director of the Department of Planning and Budget