



# Increasing Productivity of State Government

**Bob Graham - Governor**

**R.E. "Dick" Williams - Inspector General**

68761

NCJRS

JUN 20 1980.

ACQUISITIONS

---

# **Conference Proceedings**

of the  
Governor's Conference for Inspectors General,  
Auditors and Management Review Specialists

**September 19, 20, 21, 1979**

---

TABLE OF CONTENTS

Introduction .....	ii
Keynote Address.....	iii
Executive Summary.....	v
Increasing Productivity in Florida's State Government Through Management Reviews and Program Evaluations.....	vii
Agenda.....	xi
Opening Remarks.....	1
The Management Review Process.....	7
Advocacy Programs:	
Citizen's Assistance.....	13
Migrant Labor.....	15
Governor's Commission on Advocacy for Persons With Developmental Disabilities.....	17
Standard Operating Procedures of the Inspector General.....	19
Program Evaluation---Case Studies.....	25
Productivity Panel:	
Suggestions for Improving Productivity in State Government.....	33
Finding the Cause of Poor Productivity.....	41
Productivity Measurements.....	51
Organizational Structure's Affect On Productivity.....	55
Productivity Improvements Implemented in the Department of Corrections.....	57
Legislative Perspective on Productivity in State Government.....	59
Closing Remarks.....	61

## INTRODUCTION

Governor Bob Graham convened a state-wide conference for Inspectors General, Auditors and Management Review Specialists in Tallahassee, Florida, on September 19, 20, and 21, 1979. The conference was structured to address the dilemma of providing state services needed and demanded by the public while, at the same time reducing costs. Productivity improvement is seen as one solution to the dilemma. In consonance with this approach the main purposes of the conference were:

- To review the standard operating procedures of the Inspector General with attention to their applicability as a model for the development of intra-agency management review processes;
- To explore and develop innovative and aggressive ideas for enhancing productivity in state government; and
- To develop program evaluation capabilities.

It is our hope that the conference proceedings will be of value in making Florida's state government more responsive and of greater service to the citizens of Florida.

## KEYNOTE ADDRESS

Bob Graham, Governor, State of Florida

Anyone who listens carefully to the concerns of our citizens these days will realize that the concept of an Inspector General's office is an idea whose time has come.

Public perception of government these days gives no cause for rejoicing, and it isn't solely a concern about corruption in high places that has people worried. It is also a feeling that government is a big, bungling, money-eating machine gone haywire, that it is simply too inefficient or incompetent to carry out the tasks assigned to it.

You needn't look far for evidence of this feeling. Johnny Carson can hardly make it through a show without making some kind of remark about the post office; it has become as much a part of our culture as mother-in-law jokes. And perhaps some of you have heard the quip that if government ever got involved in crime, it wouldn't pay.

That public perception of government is some pretty heavy baggage for those of us dedicated to improving it to carry. But the Inspector General's Office is one way we are going to go about the task.

The Inspector General fulfills a unique role in government; it is a creature of government, but maintains an arm's length relationship with the rest of government. It is the sole organ of government whose primary function is the improvement of government.

The concept originated in the military, where it was felt that the strictures of rank and custom had all but made it impossible for systems to be improved. Things had been done the same way for so long that everyone pretty much assumed that there was no other way.

The Inspector General came about as a way of providing independent insight, a fresh perspective unhindered by the day-to-day responsibilities of those whose programs were to be examined.

The Inspector General will isolate individual instances of successes or failures in order to formulate general management principles. By attempting to identify trends before they become large-scale problems, the Inspector General will serve as a sort of D-E-W line of government, providing warnings to our managers in plenty of time to take effective corrective measures.

The office will also be in a unique position to deal with highly sensitive issues, where it is paramount that the public has confidence in the independence and thoroughness of an investigation. A good example recently in the news were the allegations of the mistreatment of prisoner John Spenkelink at Raiford.

Government in Florida has already taken giant steps to assure the public that integrity is not just a catch word. We lead the nation in concepts like government in the sunshine, and financial disclosure.

But one of the 12 ongoing goals I have set for my administration is a continuing effort to increase the efficiency of government. There are some great benefits to be derived from an office like the Inspector General's.

It is the one place in government a citizen can take a complaint and be certain that it will not be dealt with by an individual or agency which has a stake in the resolution of that complaint: an independent sounding board.

In the same manner, an employee of state government will now have an alternative to taking his gripes directly to his supervisors, a process which I'm sure we'll all agree takes sometimes a little more courage than we ought to require from our employees.

## EXECUTIVE SUMMARY

The enclosed proceedings of the Governor's conference indicates a renewed emphasis on increasing productivity in State Government. The search for increased productivity in government can be likened to the legendary search of Jason and the Argonauts for the Golden fleece. Increased governmental accountability and quantification of productive measures have, in the past, been quite elusive. The objectives of this conference were to take a firm step in the direction of increasing state government productivity by reviewing:

- a model designed by the Inspector General to conduct management reviews and internal audits;
- innovative and progressive ideas relative to increased state agency efficiency; and
- program evaluation initiatives proposed by the Planning and Budgeting sections of the Executive Office of the Governor.

The management reviews, complemented by program evaluation efforts, is envisioned to contribute significantly to increased governmental accountability and efficiency. The Inspectors General will use these processes to assess performance of both, programs and program managers.

Advance notice of the assessment process is provided in a self-assessment checklist and an issue point paper prepared by the agency. Interviews and surveys will also be used to evaluate management efforts. A combination of these four items; the checklist, the point paper, interviews and surveys will constitute the parameters expected of managers. Programs taken as a whole, will be assessed by the Evaluation Office in the Office of Planning and Budgeting by examining objectives, opportunities for improved service delivery, absence of need or attainable goals, and consideration for advanced or accelerated funding.

The conference also provided a forum to discuss successful progressive ideas. It is hoped that the discussions of such topics as: legislative; how organizational structure affects productivity; detecting the causes for poor productivity; and sharing the productive efforts of the various agencies, will provide examples which other agencies may follow.

Increasing state productivity is a task for each manager and employee in state government. Assessment of management has been defined, productive ideas have been discussed,

and advance notice of an improvement plan due January 1, 1980, has been made. How well Florida government has moved forward in increasing productivity should be known in the next few months.



INCREASING PRODUCTIVITY IN FLORIDA'S STATE GOVERNMENT  
THROUGH MANAGEMENT REVIEWS AND PROGRAM EVALUATIONS\*

Summary of Background Materials

Productivity encompasses the concepts of efficiency and effectiveness and can best be described as the relationship between outputs of goods and services and the inputs of basic resources--labor, capital goods, and natural resources. Increasing productivity results in conservation or savings in the use of scarce resources per unit of output; it helps to mitigate inflation by offsetting rising wage rates and other input prices; it also offsets some of the impact anticipated during periods of economic decline.

Increased productivity should be a major concern of each state agency. To orchestrate increased efficiency and effectiveness in such a manner as to increase productivity while holding the line against rising costs (costs in terms of resources and opportunities lost) is a major challenge. Steps which have already been taken toward achieving productivity growth in state government include:

- Establishment of an Inspector General and a program evaluation component within the Governor's Office;
- Proposed implementation of a planning, budgeting and management system which incorporates performance contracting with state agencies, performance standards productivity and compliance monitoring;
- Establishment of intra-agency counterparts to the Inspector General to perform internal management reviews; and,
- Designation of special task forces to bring the broad experience of the private sector to bear in resolving problems and formulating new direction for the future.

The following questions are addressed in this systematic approach:

- How well are services being managed and delivered and what corrective actions must be taken to eliminate deficiencies and systemic weaknesses?
- Are current programs having their intended effect?
- Is there a continuing need for these programs or have they become obsolete?

\* Issued prior to conference

- Are there more efficient methods of service delivery which could be set in place?
- What new dimensions must be explored and new directions taken to meet the futuristic needs of the citizens of Florida?

Points of leadership and coordination with state agencies and the private sector to ensure both long term and short term gains in efficiency include:

<u>Activity</u>	<u>Responsibility</u>
Management Review	Inspector General
Program Evaluation	Planning and Budgeting (Evaluation)
Strategic Planning	Planning and Budgeting (Comprehensive Planning)

Management review activities of the Inspector General focus primarily on short-term accomplishments as follows:

- The focus of the management reviews is on the assessment of agency performance under the broad headings of efficiency, effectiveness, and responsiveness.
- Efficiency is viewed in terms of actual cost versus budgeted cost, workload standards versus actual work performed, and through work flow analysis identifying areas of duplication and/or omission.
- Effectiveness is assessed under the management-by-objective framework with planned versus actual progress toward program and operational objectives.
- Responsiveness considers the reaction times of the agency i.e. the time required to resolve a citizen's complaint or to implement a state policy such as affirmative action.
- Concentration will also be made to identify and review those areas that present potential risks to good management. Examples would include activities that could present physical dangers to employees, clients or wards of the state; programs that allow for or encourage resource waste and mismanagement; loss of human resources through failure to anticipate program obsolescence, the failure to train

personnel for future needs; and programs requiring the security and retention of valuable data and information for future use. In these assessments, extensive use is made of existing management information systems as well as internal monitoring and evaluation reports of these agencies.

The Office of Program Evaluation assesses the degree to which program goals and objectives are met as well as the overall impact and gives special attention to those programs which:

- Are having apparent problems in achieving their program objectives;
- Present realistic opportunities for improved service delivery;
- Should be considered for elimination due to absence of need or unattainable goals; and
- Are performing exceptionally well and should receive consideration for increased funding and accelerated service delivery.

Evaluations are conducted directly by the Office of Program Evaluation and by its counterparts in the agencies.

The activities and the reports of the management review process serve as an inductive base for program evaluation. When possible, program evaluations are in concert with or immediately following the management reviews. Staff of the Office of Program Evaluation may participate in management reviews as team members, thereby gaining invaluable insight into the agency's operations and in the identification of operational and management problems which may be confounded with those of the program design.

The management review process determines how well a program or agency is operating within its current specifications and resources while program evaluation determines whether those specifications and resources are adequate and proper or whether alternatives need to be developed.

AGENDA

WEDNESDAY, SEPTEMBER 19

- 8:30 - 9:00 A.M. - Registration
- 9:00 - 9:30 A.M. - Welcoming Address  
Inspector General, Office of the Governor
- 9:30 - 10:00 A.M. - Management Review in Brief  
Director, Management Review and Improvement  
Office of the Inspector General
- 10:00 - 10:30 A.M. - Keynote Address  
The Honorable Bob Graham, Governor of Florida
- 10:30 - 10:45 A.M. - Coffee Break
- 10:45 - 11:30 A.M. - Advocacy Programs:  
Citizens Assistance Director, Office of the  
Inspector General  
Migrant Labor Director, Office of the  
Inspector General  
Commission for the Developmentally Disabled  
Director, Office of the Inspector General
- 11:30 - 1:00 P.M. - Lunch
- 1:00 - 3:00 P.M. - Concurrent Workshops
- 3:00 - 3:15 P.M. - Coffee Break
- 3:15 - 5:00 P.M. - Concurrent Workshops

THURSDAY, SEPTEMBER 20

- 9:00 - 10:15 A.M. - Concurrent Workshops
- 10:15 - 10:30 A.M. - Coffee Break
- 10:30 - 12:15 P.M. - Concurrent Workshops
- 12:15 - 1:30 P.M. - Lunch
- 1:30 - 3:30 P.M. - Concurrent Workshops
- 3:30 - 3:45 P.M. - Coffee Break
- 3:45 - 5:00 P.M. - Concurrent Workshops

FRIDAY, SEPTEMBER 21

- 9:00 - 10:00 A.M. - Program Evaluation  
Director, Program Evaluation
- 10:00 - 10:15 A.M. - Coffee Break
- 10:15 - 12:00 P.M. - Productivity Suggestions  
Office of the Inspector General  
Productivity Panel:  
DEPARTMENTS OF:  
Transportation  
Health and Rehabilitative Services  
Labor and Employment Security  
Corrections  
Administration
- 12:00 - 1:30 P.M. - Workshop Reports
- 3:30 - 4:00 P.M. - Concluding Session  
Inspector General, Office of the Governor

**Preceding page blank**

## OPENING REMARKS

Dick Williams, Inspector General, Office of the Governor

We would like to impress upon you the need to deliberate during the next few days in a very informal manner, while concentrating on the identification and development of constructive ideas to improve management in state government. Allow me to recall the words of an erudite scholar who noted: "the whole purpose of education is to create a wholesome discontent." That thought is appropriate today as we seek to become more knowledgeable about ourselves and about our role in state government relative to the concepts of efficiency, effectiveness, and service delivery. We would like to acknowledge from the outset that all here are created equal as we go about defining an improved system of managerial accountability. We hope that each of you will roll up your sleeves and take advantage of this exercise that will provide additional tools to accomplish the business with which we have been entrusted. I am reminded of a story about a giver of advice which will also serve as a disclaimer. The story concerns a teacher telling a school boy once to write an essay about Socrates, and he wrote this: "Socrates was a man who went around town giving free advice, so they poisoned him." Pray tell that those of us here today can escape that fate by being searchers for truth rather than givers of free advice. We should also remember another erudite scholar who wrote: "we ought to say, not that we have found the truth at any given moment, but that we have found or discovered a truth."

I think that we, you and I, who are in the business of serving the people as government representatives are in a fish bowl. We are in it up to our necks with rising inflation and declining resources. Today, we have a mandate to maximize our resource utilizations while holding down costs in a very complex environment. May I suggest that you and I have an opportunity to address new remedies and to develop innovative ideas for increasing productivity that will make a significant difference in the way Florida state government will be managed in the future. I think we ought to be proud that we are here at this time and have this opportunity.

Many of you are familiar with the Inspector General function in the military. Several states have established Inspectors General in selected program areas. New York has established an Inspector General in its welfare program. He is credited with eliminating something like 150,000 cases from the welfare rolls during that first year of operations. I think Kentucky has an Inspector General in Human Resources, to

name another. In the federal system, Congressional mandate established Inspectors General in all departments of the Executive Branch. This followed, as many of you will recall, the recent GSA scandals. Initially, the main direction of the Federal Inspectors General was to identify fraud and abuse and to indict and convict the culprits. Enhancing the overall management posture of the agencies was not the main objective.

Florida's Inspector General, established in the Executive Office of the Governor, is clearly--and I emphasize clearly--identified as an inductive base for agency evaluation. Our main objective is to look at management posture, to increase the opportunity for input from all of the people in state government to ensure that state agencies--those that are directly under the Governor, as well as others who want to participate with us--are becoming more efficient and effective in the utilization of state resources.

Although we are, in fact, an agency evaluation unit, a major effort will be exerted to reinforce agency management structure, to be anticipatory, and to identify areas that may be vulnerable to abuse, mismanagement, fraud or what have you, at an early time, then design the controls to address those areas. Our antennas will be fine-tuned when we go out to look for deficiencies and/or weaknesses in the system. Nonetheless, we will make a major effort to assist you, and that is the reason we have invited you to help us build a better model to carry out this job. We have no history to build on because the Inspector General concept at the state level is new. The broad authority that has been entrusted to us to review agencies under the Governor's supervision does not exist anywhere else. We take no outlandish pride of authorship in the material which we have prepared for your review and critique today. Your criticisms and suggestions will assist us to improve our ability to do a better job and to be part of a system that will be a distinct tribute to the people of Florida.

Now given that kind of setting, I would like to show you two charts that will briefly indicate where we are in terms of organization in the Executive Office of the Governor. This is the way we see our mission at this time. Each mission element will be expanded by members of my staff during this initial session. The following elements provide the definition of our office:

- Assesses the efficiency, effectiveness and responsiveness of state agencies under the Governor's supervision, including their progress in accomplishing objectives, to ensure a cohesive implementation of state policy and to enhance the productivity of state programs

through the conduct of management reviews, the provision of technical assistance and the resolution of management problems;

- Researches and develops methods to enable state agencies to strengthen management controls and accountability, to resolve operational deficiencies and system weaknesses and to increase efficiency, effectiveness and responsiveness;
- Maintains an EDP management information system for response to informational needs of the Governor and internal managements;
- Receives, resolves and analyzes citizens' complaints in an effort to identify adverse trends impacting state programs;
- Protects the legal and human rights of persons with developmental disabilities; and,
- Cooperates with other agencies in undertakings to improve housing, education and other conditions affecting migrant and seasonal farm workers.

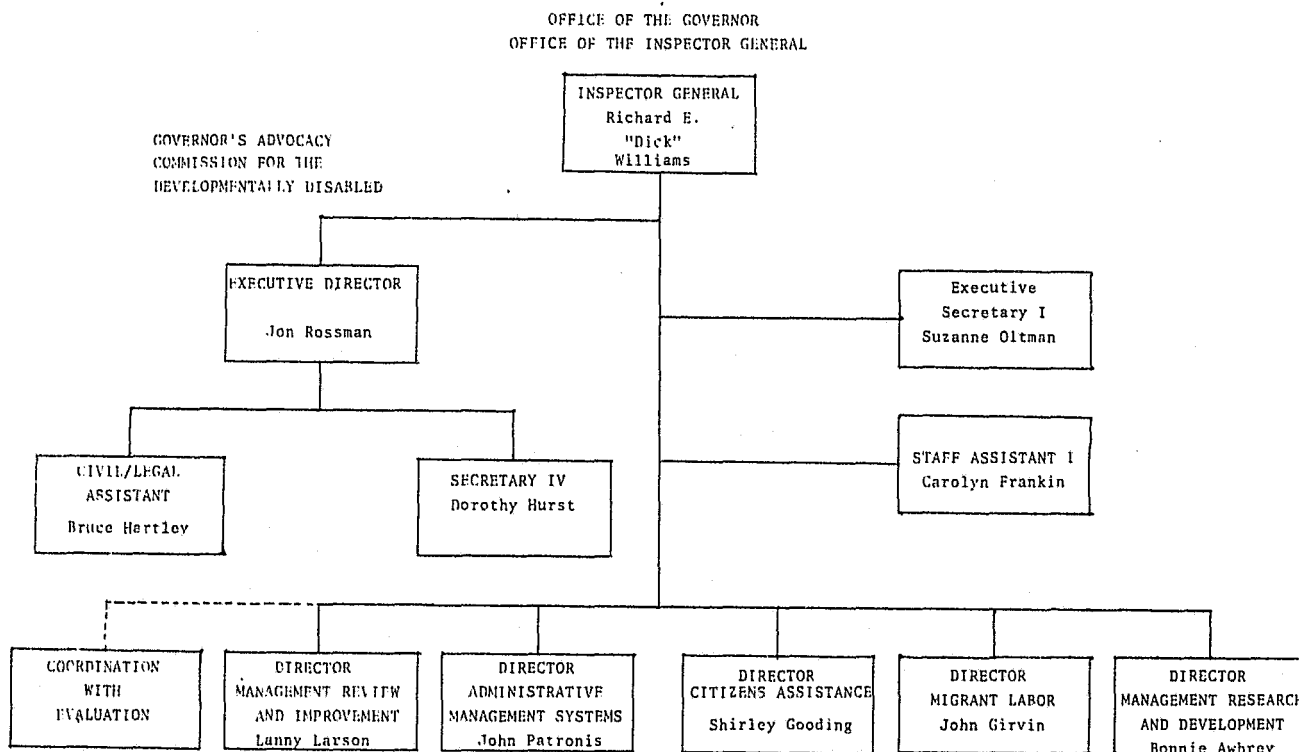
At this conference we hope to build a foundation to inspire immediate action on your part to improve the operations of government. We simply must improve productivity. We are in a crisis and everybody knows that, but I am not sure everyone is cognizant, on a daily basis, of the fact that in this country we are roughly six percent of the world's population using approximately 30 to 40 percent of the energy. Why do I make this point? Because if you look at a productivity chart, you will see that productivity has been declining in these United States over the last decade. In the first quarter of 1979, total productivity went down something like 4.6 percent. We have to address some remedies to correct this problem and turn it around. The energy situation, the productivity decline, all of these things, must be addressed. I say again that we have an excellent opportunity to do something about increasing productivity in the State of Florida. It is a continuing mission of my office and a vital concern of all citizens.

Our Citizens Assistance Office has a dual mission in identifying and analyzing citizen complaints. But more specifically, it provides input into the management review process. We also have the Commission on Advocacy for Persons with Developmental Disabilities and the Migrant Labor Program. We are in tune with the Governor's goals and objectives and intend to take a very aggressive position in all of the programs in our office.

We will be reactive because we can not cover the spectrum at all times. We are also going to be proactive and bring about changes in the way some state programs have been managed.

I know some of you are saying that it is the first seven months in a new administration and we always get this kind of jazz. I guarantee you that the Governor's goals to improve management and increase productivity will not expire at an early date. This will be confirmed in the Governor's keynote address this morning. He is personally directing these efforts, and I assure you that the agencies under his supervision, as well as staff members in his office, are striving to accomplish meaningful results. Just recently, the Governor voiced concern relative to the public's lack of confidence in state government. Moreover, he was also concerned with the confidence of government employees in state government...so we will be asking you to give us your constructive ideas along these lines later on in the day, tomorrow and throughout the year.

This is the way we are currently organized in the Executive Office of the Governor.





To date, four departments under the Governor's supervision have established Inspector General positions. Perhaps you noticed in the paper this morning that the former Superintendent at the Florida State Prison, Dave Brierton, was appointed Inspector General of the Department of Corrections. We have an Inspector General in the departments of Health and Rehabilitative Services and Transportation. The Department of Labor and Employment Security has a similar organization and is moving along in that direction. We think the Inspector General concept which brings together the internal auditors, management review people, and management research and development is a very healthy and timely thing. It will be a strong factor in enhancing productivity and increasing managerial responsibility in the State of Florida.

## THE MANAGEMENT REVIEW PROCESS

Lanny Larson, Director, Management Review and Improvement,  
Office of the Inspector General

The phrase "management review process" conjures up a lot of images to the man on the street. Perhaps to the cynical man on the street, it is just another bureaucratic piece of jargon. "Let's see, process is something that goes round and round and nothing ever comes out, review is an excuse for not making decisions, and management--whoever heard of that in state government?"

The program purists visualize a lot of generalists (that really do not know anything about their program) coming in, disrupting operations and then writing recommendations which are either meaningless or shatter the very foundations of their program.

Each of us has his or her own perception of what the management review process really is. In some agencies it may be a new concept, at least in the formal concept, while in other agencies it has been going on for several years, perhaps under other names and with a slightly different focus, but with pretty much the same goals in mind. Unfortunately, each of our agencies' management review capabilities has been pretty much reared and nurtured independently and there has been little opportunity or motivation for sharing ideas or cross-pollinating the many talents which each possess.

My own personal view of the management review process is that it is a prescription or an application of common sense to ensure that what is supposed to happen does happen and that under the priority of productivity enhancements, we do as much as we can as cheaply as possible. There is, of course, one problem: common sense does not have a common denominator, my idea of common sense may not agree with your's; you may not agree with your colleague; so on and so forth.

This morning I would like to present one common sense point of view on the management review process and hopefully provide a point of reference and a basis for discussion in our upcoming workshops and discussions.

- The purpose of the management review process is two-fold:
- To increase the accountability and responsiveness of management; and
  - To enhance the efficiency and effectiveness of programs.

Let's return to the man on the street for a moment. Numerous public opinion polls have been conducted with regard to public confidence in government. One conclusion is almost unanimously common to all of the surveys; that is, that the public does not view the government worker as a productive individual and that government exists more for itself than for the people it serves. The man on the street views government as a terribly complex, inter-connecting web of indecision. He asks the question and many times is ping-ponged from one unit to another, from one bureau to another, even from one agency to another. Sometimes weeks or even months go by and still the answer does not come. It is perhaps little wonder Harry Truman has become an American folk hero. There is no easy, quick way to erase this image. The man on the street is not going to change his opinion overnight. It will have to be proven to him. It is my opinion that once accountability is set in, a new sense of responsibility and pride of work will follow and then government will become responsive to its bosses--- the man on the street.

How can a group of Inspectors General, Internal Auditors and Management Review Specialists---all generalists---hope to enhance the efficiency and effectiveness of programs? Perhaps the program purists are right, but let's take an example, let's suppose you are sitting at home one night watching Monday night football or "Dallas" or "The Incredible Hulk" or something and the telephone rings. It is the number one or maybe number two rental agency in town. They have heard of your renowned expertise in management and would like to contract with you to review their automobile maintenance and repair department. Now you, like I, may be the worst mechanic in the world. You know where the gas goes in, the oil leaks out, but you could not put in a spark plug without stripping the threads---if you knew where it went. All things equal, you are overtaken by your ego and you say, "sure, I will take the job at my usual (soon to be contrived) fee, plus expenses, of course." WOW! What do you do now? Let's see, you are supposed to change oil every now and then, so there must be a routine maintenance schedule on each car. I wonder if they are doing that? I wonder who makes sure that it gets done? How does he make sure? I bet some mechanics do a good job and others wipe off the parts with a rag. Maybe someone's charging for parts that they are not installing. I wonder if anyone's audited their books? And if so, recently? What happens if a car breaks down? Does that take priority over routine maintenance? Does one model break down more than others? Have most of the breakdowns been maintained and repaired by one individual ---the guy that they never had time to train? Maybe I can do this job after all. While I would never hope to dampen the enthusiasm or allegiance of the program purists, I believe we generalists do have a significant contribution to make to

their programs.

Our strategy includes:

- Internal and centralized management review systems.
  - Each agency has its own management review capability.
  - Inspector General provides oversight of internal systems and conducts special reviews.
- Centralized and interagency technical assistance

If there is one thing about the management review process, it is that there is enough to go around for everyone. While the program purists may not be on completely solid ground, it is still critical that each agency operates its own management review process both from a programmatic perspective and from the perspective of accountability, which I mentioned earlier. You know your programs best and therefore ought to have the responsibility for reviewing their day-to-day management. The Governor, accountable to the public for the management of those agencies under his supervision, established an Inspector General to assure that the internal management review systems are efficient, effective and responsive in order to provide a broader objective perspective and to translate management review systems. We are going to have to set up a mutual help program. We all have limited resources, limited staff, so we must make the best of our collective talents. You have assisted us in several of our reviews and we have provided technical assistance to you on several occasions. This is not enough. What we must do is identify the vast and sometimes specialized expertise which exists within all of the agencies and share these talents to strengthen our overall management. Thinking back, it sure would have been nice to bring the shade tree mechanic, an accountant, and a property manager in to review that rental car agency.

There are two types of reviews:

- Routine (scheduled)
  - General management
  - Topical (energy conservation, affirmative action, etc.)
- Special (unscheduled)

Routine reviews are proactive in nature, generally in adherence to plan to review all programs of agencies within a year or within a biennium. They are designed to spot problems and solve them before they become of major proportions. Routine reviews may also be conducted to ascertain the status of implementing new legislation or policy, again, trying to forecast potential problems before they become real ones. Special reviews are generally of a reactive nature in response to some

problem where time or the element of surprise is essential. It is doubtful if you would be very successful if you announced your visit to Hertz's maintenance garage six months in advance unless the problem was totally inept management. But it is likely that some of the problems would reoccur as soon as you walked out the door.

Our review of performance encompasses:

- Efficiency (input)
- Effectiveness (output)
- Responsiveness
- Adequacy and integrity of management constructs
- Management risks

Efficiency and effectiveness are buzz words which most of us have heard all of our professional careers. Let us get a little more concrete. If the cost of an oil change and a tune-up in terms of personnel, supplies, overhead, etc., at the Hertz's maintenance garage is in excess of the price you pay at Honest Adolf's Repair Shop and Pizzaria, it is definitely suspect. If the failure rate on transmissions is three times what you would expect from consumer's guide then chances are the routine maintenance work is not very effective and somebody is either not putting in fluid or putting back all of the parts. Following the story line, what if the average response time to a stalled motorist on Tuesday is three hours while the average time other days of the week is only one hour? Response problems? Management constructs: what if the routine maintenance schedules burned up in an oil fire three months ago and have never been replaced? What if there are no checklists to specify exactly what is entailed with the routine maintenance? Risks: what if there is no way of reconciling equipment replacement records with property supply inventories and supervisor mechanics and secretaries are all on brand new, steel-belted radials. At the risk of doing irreparable damage to some company's stock, let us proceed with what might have caused these problems and what we need to do to fix them.

Our Framework For Review Includes:

- . Planning
- . Organization
- . Direction
- . Control
- . Human Factors

Planning: well, the routine schedules have not burned up in an oil fire, but rather had been left in the trunk of a car rented by a traveling salesman and are now somewhere on the other side of the Rockies. The supervisor is too embarrassed to relate the incident and request a new six month supply of forms. Organization: the mechanics have always been very specialized in their jobs--one with spark plugs, one with carburetors, one with transmissions, etc. Their supervisor, nor the company for that matter, has ever

taken time to cross-train them. They do, however, pitch in whenever the need dictates. It seems, however, that the transmission man, or transmission person, has been intermittently in and out of the job both physically and mentally for the past few months due to family problems. Direction: the company policy on reconciling equipment replacement records and inventories has long been lost under that large pile of old tires. Control: surprise! There are checklists for the routine maintenances, but the column for the mechanic initials and the line for the supervisor's signature is conspicuously blank in almost all instances.

Well, that answers most of the questions. And the solutions are obvious--it's almost too easy. But what about that lousy response time on Tuesday. Trying to win me over, the boss invited me over to his house on Monday night to watch Monday night football with the entire staff. And on Tuesday? Well, Budweiser's stock went up three points. You can't forget the human factors.

Enough of this vicarious pleasure. We've got to get back to work.

Steps in the process are:

- . Preparation
- . Notification
- . On-Site Review
- . Exit Briefing
- . Preliminary Report
- . Agency Response
- . Final Report
- . Corrective Action Plan
- . Follow-up Review

During the next couple of days you will be addressing, each one of these steps in your workshops critiquing the standard operating procedures and again, they are not set in concrete, but do represent a point of departure upon which you can comment. You should comment, make suggestions and make available to us your own common sense. Maybe there are too many steps; maybe there's not enough; maybe the self-evaluation checklist which accompanies the notification letter is too long; maybe it's not detailed enough, or it may not be applicable to your agency or units within your agency. There may be a better format for the entrance and exit briefings and the agency response time may not be adequate.

What I'm saying, is this is your process as well as our process and we have an obligation over the next few days to make that process the best we possibly can. Who knows, with some hard work, that cynical man on the street may in a couple of years change his opinion and believe that there really is management in Florida's state government.

## CITIZEN'S ASSISTANCE

Shirley Gooding, Director

Processing and resolving complaints is not a new function in the Governor's office. However, the establishment of a formalized program to handle this process is new. House Bill 401 passed during the 1979 Legislative session created the Citizens Assistance Program, and placed it in the office of the Inspector General. Prior to the establishment of this program, complaints were received and processed for dissemination to other places. Now, we are able to take action to give aid to the citizens directly.

Our mission is briefly stated as follows:

- . To respond to requests for assistance from citizens and state agencies by coordination with the state agencies for resolution of these complaints and the development of internal complaint handling mechanisms and to monitor the adequacy and timeliness of agency responses.

The overall mission of the Citizens Assistance Program is to maintain open communication with the public to assure sensitivity and responsiveness to the citizens of the state. This element encompasses undertakings related to developing the means by which citizens of the State of Florida are provided with a source of information on services and a channel for review and mediation of their problems and complaints. The Citizens Assistance Program will assist in the coordination of individual activities with the major long-term goal being that its own review of complaints about state agencies will stimulate the improvement or creation of complaint-handling systems within the agencies themselves. Eventually reducing the number of complaints that come to the attention of the Governor's office.

Strategies include:

- Analyze policies/laws relating to complaints;
- Receive/evaluate agency reports in major issue areas (agencies under the Governor);
- Follow-up unresolved complaints;
- Provide agencies with trend analysis (agencies under the Governor).

From complaints that are received by the Citizens Assistance Program, we are able to identify possible problem areas, as well as strong points about an agency, and evaluate the effectiveness of the agencies in responding to legitimate citizen requests for timely services. Data that we receive from individual demands will enable us to provide summaries of the information to the agencies.

The Citizens Assistance Program consists of a Director and two support staff positions. Due to the limited staff, we will be utilizing interns and experienced volunteers. Also, due to the large number of telephone calls received by the program, interns and volunteers will be oriented and trained to receive the calls, refer, process and resolve the request. They will also assist in research of laws, policies and regulations governing the various agencies. They will have further responsibility for handling walk-ins.



## MIGRANT LABOR

John Girvin, Director

The mission of the Migrant Labor Program is two-fold:

- Program Coordination.
  - Improve the working and living conditions of Florida farmworkers through the coordination of Federal, State and local programs.
- Farmworker Housing Assistance.
  - Insure safe, decent and sanitary dwelling accommodations for farmworkers through the provision of financial and technical assistance to sponsors of farmworker housing centers, to be financed by agencies of the Federal government.

Federal agencies which have farmworker programs are as follows:

- United States Department of Labor
- United States Department of Health, Education and Welfare
- Community Services Administration
- United States Department of Agriculture

The office coordinates the delivery of health, employment, training and housing services through the following State agencies:

- Department of Labor and Employment Security
- Department of Health and Rehabilitative Services
- Department of Education

Services available to farmworkers through local organizations include:

- County health units
- Migrant health centers
- County school boards
- Community action programs

- Local housing authorities, and
- Private non-profit farmworker organizations

Governor's Commission on Advocacy for Persons with Developmental Disabilities

Jon Rossman, Director

The Governor's Commission on Advocacy for Persons with Developmental Disabilities is essentially a client advocacy agency. Client advocacy means simply that individuals who receive services from the State have some place to turn if they feel they are not getting a fair shake. Rather than focus on a specific agency, however, the Commission focuses on a particular client group, the developmentally disabled. Developmental disabilities are defined to include most severe chronic mental or physical disabilities which become manifest prior to the age of 22 and are likely to continue indefinitely. This includes mental retardation, cerebral palsy, epilepsy and autism, as well as other disabilities and combinations of disabilities.

The Commission was originally established by Executive Order in August, 1977 in compliance with a Federal mandate contained in the Developmental Disabilities Assistance and Bill of Rights Act. Under the provisions of this Act, Congress has provided funds to all 50 states to "establish protection and advocacy systems for developmentally disabled citizens." The protection and advocacy system is part of an overall congressional design to improve the quality of services to the developmentally disabled.

The Commission serves its clients primarily through:

- . Client Representation - pursuing all appropriate administrative and legal remedies (including investigation, referral, technical support, informal conciliation, and direct representation) in response to complaints from individuals concerning violations of rights;
- . Information - maintaining a clearinghouse of articles, cases, pleadings, and other documents concerning the rights of developmentally disabled individuals;
- . Training and Education - conferences, lectures and workshops for lawyers, parents and other advocates concerning the rights of the developmentally disabled;
- . Advocacy Activation - generating interest and involvement through public and private groups and organizations on behalf of developmentally disabled citizens;
- . Administrative Reform - working with other agencies to improve services to developmentally disabled persons.

During the last year and one-half, the Commission has served to impact on a variety of issues affecting the rights of the developmentally disabled, including:

- . The right to establish group homes for the retarded and other developmentally disabled individuals in residential neighborhoods free from exclusionary zoning requirements;
- . The right of blind children with other handicapping conditions including retardation not to be categorically excluded from admission to the State residential school for the deaf and the blind;
- . The right of a four-year-old profoundly retarded, cerebral palsied child living at home, to prompt, appropriate medical care and services.

## STANDARD OPERATING PROCEDURES OF THE INSPECTOR GENERAL

### Results of Workshop Sessions

The Inspector General has designed a process to review the efforts of management in agencies under the Governor's supervision. Focusing on the general fundamentals of management, planning, organization, direction, control, and human factors, this procedure is new in Florida this year.

Clearly with such a broad mission, the concepts of the Inspector General need to be explained to the various agencies under the Governor's supervision. Therefore, a majority of the effort of the conference is devoted to defining the mission of the Inspector General, accepting at the same time any comments or criticisms. After days of deliberation, with virtually every major function in Florida's government represented, there can be no doubt that each agency has a basic understanding of the mission of the Inspector General. To illustrate this point, an addition to the operating procedures saying, "these procedures incorporate what will be expected of state managers and how they will be judged" was considered redundant by the majority of the conference members.

As a part of the conference, a series of workshops were set up to provide a vehicle whereby the participants could familiarize themselves with the concept of management review of agencies, as well as, to provide input to the procedures manual of the Governor's Inspector General. The subject areas designated for review were derived from the draft procedures manual. The subjects were as follows:

- Management Review Summary
- Agency Notification and Self Assessment
- Coordination with other agencies
- On-Site Reviews
- Report Preparation and Distribution
- Consulting/Technical Assistance
- Special Areas to Review
- Working Papers

### PROCEDURE 2001 - MANAGEMENT REVIEW SUMMARY

#### Workshop Leader, Pat Freaney, Department of Transportation

The management review summary provides an overview or summary of the process for conducting the reviews of agencies under the Governor's supervision. In this section the concepts of efficiency, effectiveness, responsiveness, corrective action and productivity are defined. Two review methods, routine and special will be used in the inspection process.

Through participation in workshop discussions it was clear that many agencies are concerned at the fact that adoption of the procedures will conceivably be verbatim and final. Luckily, this is not the case. The Inspector General's procedures represent a point of departure only; however, it is expected that critical concepts will be addressed in any agency procedures.

Agency representatives indicated that there should be a time limit on personnel borrowed outside of the Governor's office. Agency representatives also feel that any standards developed should be compared and shared with other agencies to determine the adequacy of such a standard.

#### PROCEDURE 2005 - AGENCY NOTIFICATION AND SELF- ASSESSMENT

Workshop Leader, Ronald Jones, Department of Corrections

The purpose of the Agency Notification and Self-Assessment portion of the procedures is to notify agencies of planned management reviews and to assist agencies in preparing for reviews. Specific steps in this process are: an agency notification letter, a point paper prepared by the agency denoting issues of concern, and a self-assessment checklist prepared by the Inspector General to be completed by the agency. A sample self-assessment checklist is attached to this procedure.

Comments from the conference members indicate much interest in this section. They felt that this self-assessment checklist highlighted the management review process and therefore discussed at some length the wording of many of the questions. Items of particular significance were:

- The agencies request more than twenty (20) days of advanced notification.
- The agencies want a specific description of the purpose and scope of routine inspections.
- A glossary of terms is requested to assure a uniform understanding of the checklist questions.
- The agencies request some space on the checklist for their use.
- The agencies request rewording of certain questions to clarify reasoning and to eliminate in some cases lengthy answers of little value.
- The agencies want respondents to the questionnaire to

enlarge their answers in the sections concerning goals, workloads, and standards.

#### PROCEDURE 2006 - COORDINATION WITH OTHER AGENCIES

Workshop Leader, Shelton Kemp, Department of Labor  
and Employment Security

The purpose of this section in Procedure 2006 is to describe what relationship will exist between the Inspector General and other agencies such as Agency Inspector Generals, Legislative Auditor, the Planning and Budgeting Office, agencies under gubernatorial supervision, and agencies not under direct gubernatorial supervision. Also provided in this section is a list of centralized responsibilities affecting operations in the state of Florida.

Primary agency comments indicated a concern that the Inspector General will duplicate other functions in state government; consequently "avoiding redundancy of effort" is inserted into the procedures. Another area of concern is a skepticism of the anticipated cooperation from the financial auditors.

#### PROCEDURE 2008 - ON SITE REVIEWS

Workshop Leader, Fred Baldwin, Department of Health and  
Rehabilitative Services

The on-site review procedures establish the basic steps for conducting the visitation segment of a routine management review. The discussion in this section of the procedures manual deals with the interview process including a description of records to be reviewed, trend analysis techniques employed, contact with outside agencies, types of surveys used, technical expertise required, project travel requirement, high risk areas, and sets out the team briefing schedule.

Since many of the agencies present are potential candidates for review the conference members thoroughly covered this area. Agencies are concerned about confidentiality of information, particularly preserving anonymity of the people interviewed and participants in any survey. The conference members also felt that the results of any survey should be made available to employees upon request.

Agency representatives also indicate the desire to re-

ceive a copy of the review plan prior to the inspection team coming aboard. Also requested was the inclusion of an appendix to contain examples of survey questionnaires. Any agency could then conduct their own surveys and be anticipatory to the inspection effort.

#### PROCEDURE 2010 - REPORT PREPARATION AND DISTRIBUTION

Workshop Leader, Bill Sumner, Department of Environmental Regulation

Prescribing the method, format and review process for developing, approving and distributing management review reports, this section of the manual specifies the reporting details. Each part of the reporting process is broken into sections and thoroughly explained. At the end of the chapter a distribution schedule is presented.

There is a general acceptance of this procedure as it is written. The only changes made are to clarify the intent of the language.

#### PROCEDURE 2011 - CONSULTING/TECHNICAL ASSISTANCE

Workshop Leader, John Cochran, Department of Business Regulation

This section of the procedures discusses the consulting and technical assistance available in the Governor's office. In essence, this procedure allows agencies to request aid from the Inspector General.

It is in this area that comments are most critical. The individual representatives want to know specifically the types of assistance available. As a result the final procedure anticipates many specific requests from the agencies for the Inspector General's assistance.

#### PROCEDURE 2013 - SPECIAL AREAS TO REVIEW

Workshop Leader, Lee Canterbury, Department of Community Affairs

Each management review will be tailored to the environment and recent performance of the organization tested. Certain attributes will be considered special areas and will be tested during each review. This segment of the procedures identifies these special review areas as currently including: Affirmative Action, Energy Conservation, Alcoholism, and Drug Abuse.



The agencies suggest that the Inspector General included too much in this procedure. However, these areas are considered critical by the Governor and for this reason all relevant material is included in the procedure for reference of the Management Review Analysts.

#### PROCEDURE 2014 - WORKING PAPERS

Workshop Leader, Doug Davis, Department of Commerce

Formal requirements are provided to establish a standard uniform approach to the preparation, organization and filing of working papers. Included in the procedure are: minimum contents, file arrangement, indexing and cross referencing requirements, and individual workpaper requirements.

The general consensus of the working paper workshops is that working papers are a personal area where procedures, not content, vary from individual to individual. In conclusion, the conference participants feel that the procedures are adequate, but not necessarily the procedures to be followed by each agency.

#### CONCLUSION:

The end result of the procedures workshops is a well understood working document which will be used to assess the management posture in the various organizations in state government. Suggested changes and criticisms are being discussed and will be incorporated into the final operating procedures to the extent possible. As soon as the procedures are finalized, each conference participant will receive a copy. Any other interested parties may acquire a copy of the procedures upon request.

Another topic, Program Evaluation, was covered in the workshops. Closely related to Management Reviews, Program Evaluation is conducted by the Governor's Office of Planning and Budgeting. These evaluations are designed to answer key budgetary issues in connection with the total program, rather than looking at only the effectiveness of management. A discussion of this relationship between Program Evaluations and Management Reviews, along with some evaluation case studies, is presented next.

## PROGRAM EVALUATION---CASE STUDIES

Jerry Brill and Larry Polivka, Senior Governmental Analysts,  
Office of Planning and Budgeting

In order to demonstrate the kinds of evaluation and policy analysis-development work we have the responsibility for either doing or coordinating, we would like to discuss three case example studies from the Department of Health and Rehabilitative Service (mental health and juvenile justice) area. The first study is descriptive in nature. It provides a profile of the population committed to the Mental Health Forensic Program and an analysis of the relationships between (among) the department, the courts and the local community mental health treatment system. Our purpose in presenting this study is to demonstrate the value of merely descriptive studies in identifying major policy issues and in suggesting policy alternatives to current practices.

The second study is a more conventional outcome oriented evaluation of the consequences (measures in terms of recidivism) of either diverting a juvenile from the juvenile justice treatment system or placing them on probation which is the least restrictive treatment alternative available to juvenile justice decision-makers. The second part of the study goes one step further in attempting to discover specific client characteristics which distinguish between juveniles who can benefit most from either diversion or probation.

This study is useful in that it demonstrates both the strengths and limitations of evaluation research. The study shows that evaluation research can be used to determine the relative effectiveness of programs when a clear outcome measure (recidivism) is available. On the other hand the study demonstrates the difficulties encountered when trying to use evaluation results to predict the kinds of services that are likely to have the greatest benefits for specific groups of clients, at least in the juvenile justice system. There are, however, as indicated in the attached description of the project, policy implications to be derived even from failures to achieve evaluation goals.

The third study is in fact a wide ranging, comprehensive policy analysis of most of the juvenile justice system based on several monitoring and evaluation reports prepared over the past five years. This study demonstrates the kind of policy analysis and development work that is possible once an

evaluation process has become routinized in a program area. Evaluations do not by themselves resolve policy issues but they do provide a far more rational and empirical arena for the discussion and debating of policy issues than a purely initiative or political approach.

From mere program description (formative evaluation) to the in-depth, outcome evaluation based analysis of policy alternatives, our case examples indicate the indispensable role that evaluation can play in the development, management, expansion or reduction of state programs.

#### Forensic Services Program:

- Major Analytical Issues: The Mental Health Forensic Program serves individuals who are charged with or found guilty of a felony, and who are also determined by the Court to need mental health care or treatment. The program is operated through forensic units at Florida State Hospital and South Florida State Hospital and the recently opened North Florida Evaluation and Treatment Center. The number of admissions to and the in-patient population of the program has increased steadily during 1972-1977.

The evaluation of the program had two general objectives. One was to determine who the program clients are, in terms of social and demographic characteristics, psychiatric diagnosis and history, and admission-related criminal offense. This information is prerequisite to initiation of program changes. The second objective was to determine the relationship of the forensic program to other elements in the criminal justice system. This information provided an overview of the operation of the "system" through which clients pass and reveal delays and disjunctures.

- Data Collection: The first objective was met through the computer analysis of records of a sample of over 2000 clients between 1972 and 1976, using data obtained from the Data Center.

The second objective required that information not retained by the Data Center be gathered from samples of current and recently discharged clients.

- Data Analysis and Findings: Several important findings result from the first segment of the evaluation. The majority of forensic clients are not committed in connection with violent crimes and are not manifestly dangerous. Most, however, are chronic substance abusers, poorly educated, marginally employed, and have been hospitalized previously for psychiatric treatment.

The second segment of the study documented delays in client movement to and from forensic units, in hearings, and in court and law enforcement responses to requests by forensic unit staff. These delays contribute to the undesirable "revolving door" character of the program.

- Policy Implications: The policy development process which followed the research resulted in initiatives by the Mental Health Program Office to explore and develop community alternatives to incarceration and forensic liason teams which will link and coordinate the activities and decisions of courts and law enforcement agencies with those of the HRS forensic program. It was also recommended that the current body of Forensic Laws be extensively revised in order to make it more difficult to place defendants in Forensic programs and that consideration be given to moving these programs to the Department of Corrections.

#### Youth Services Probation and Diversion Study:

- Major Evaluation Issues: Only a small percentage (4%) of individuals referred to Youth Services are judicially committed to rehabilitative programs. The majority of referrals (67%) are diverted from penetration into the juvenile justice system. Diversion involves no judicial proceedings. Except in the case of (consent supervision), through which youth voluntarily agree to attend scheduled counseling sessions, diversion entails no requirement of ongoing contact with Youth Services. The second largest percentage (12%) of Youth Services referrals are placed on probation. This disposition is judicially determined, and requires regular attendance at individual and group counseling sessions.

In an effort to determine the effect of these two primary alternative dispositions, the Evaluation Office conducted a study of individuals referred to Youth Services and consequently either placed them on probation or diverted them.

- Data Collection: All Youth Services districts were grouped into four groups based on proportions of Florida population within the districts. Eight districts were selected for study. Cases were randomly sampled from June to December 1972 referral logs, to provide a sample which matched the proportions of 1972 caseloads within each district. The resulting sample included 368 diversions and 322 probations.

Information on age, race, sex and offense history prior and subsequent to the 1972 referral were obtained from district files. Using the extent of involvement in delinquent activity during the two year period following referral as the dependent or criterion variable, two types of analyses were conducted.

- Data Analysis: First, an analysis was employed to provide a direct comparison of the subsequent offense records of youths in each dispositional group. Second, an analysis was used to determine whether or not subsequent involvement can be predicted from any of the variables, including dispositions, on which information was obtained.
- Findings: Cross-tabular analysis revealed significant differences in the extent of subsequent delinquent involvement between the diversion and probation groups. Diverted youths were substantially less likely to be referred for any offense during the follow-up period. Those in the probation group were typically older and evidenced both more serious prior offense histories and a more serious offense leading to the sampled 1972 referral. Despite these differences between the two groups, the analysis indicated that even when the factors of age, prior offense history and severity of the sampled referral offense were taken into consideration, diverted youths were significantly less seriously involved in delinquent activity during the follow-up period. Furthermore, neither sex nor race was found to be an important factor in explaining this difference between the groups.

The results obtained from the second analysis were less definitive. The conclusion reached after a series of analytic trials was that no simple formula for predicting subsequent delinquency may be developed using the variables, including type of disposition, considered in this study. This analysis did, however, produce several useful findings.

First, correct prediction of the absence of subsequent delinquency occurred significantly more frequently than correct prediction of any of several levels of severity of subsequent delinquency. One important conclusion of this outcome is that youths who become reinvolved in delinquency are less distinguishable from those who do not become reinvolved

Secondly, several variables were recurrently identified in successive analytic trials as primary contributors to the predictive strength of the discriminate functions obtained. Expectedly, gender was among these; males are more prone to serious reinvolvement. The severity of previous offense history was also positively related to reinvolvement. Surprisingly, the number of previous felonies one has committed was negatively related to reinvolvement. Apparently, this results from the fact that a number of previous serious offenders abandon "delinquent careers" as they approach an age at which they are in jeopardy of entry into the adult criminal justice system or as they gain maturity and take on the responsibilities of the adult world. Residence in the Eleventh Judicial District, or the Miami area is positively related to serious reinvolvement.

- Policy Implications: These findings firmly support the conclusion that diversion practices do not lead to more intensified criminalization than do harsher, more severe dispositions. In fact, the data tends to support the opposite view. These findings are consistent with the position that diversion practices should be expanded. The evidence obtained does support expectations that several background variables are significantly related to subsequent offense records. None of these relationships is sufficiently consistent and strong enough to permit reliable individual prediction or to establish differentiated commitment programs for those not diverted based on estimates of likelihood of subsequent delinquency. We simply do not know enough to distinguish reliably between "good" and "bad" kids. Facile judgements in this area should encounter extreme scepticism. A significant percentage of even the "worst case" delinquents seem to straighten-out during late adolescence. In dealing with the serious offender it is probably better to apply a justice model rather than an outcome expectation approach.

#### The Juvenile Justice System:

- Major Evaluation/Policy Issues: Recent criticisms of the Juvenile Justice System have centered around two major themes. First, because of the disproportionate contribution of juveniles to the huge increase in crime since the mid-1960's, critics conclude that the American juvenile justice system is alarmingly ineffective. A 75-year old experiment seems to be failing. Secondly, an increasing number of the critics, particularly among law enforcement officials and the media, identify excessive permissiveness on the part of the judges and

juvenile justice professionals as the primary cause of the failure. The critics claim that the system is overloaded with serious, repeat offenders who have learned that the system is essentially a charade and is incapable of punishing them appropriately for their criminal behavior. In short, critics argue that the system has lost its ability to deter juvenile crime and should be radically restructured. From this perspective, the changes most commonly recommended are:

- 1) Reduce the number of juveniles diverted from judicial handling,
- 2) Increase the number of juveniles with serious charges who are waived to the adult courts; or lower the juvenile age limit to 15 or younger,
- 3) Place more juveniles in institutional settings, i.e., to remove them from the community, for longer periods.

These critics claim that increased costs associated with these changes would be offset by a general reduction in juvenile crime as a more punitive system regained its ability to deter criminal behavior.

In the report we focus primarily on analyses of evaluation data/cost from the Florida Juvenile Justice System in an effort to appraise the validity of the observations and claims described above.

- Data Analysis: Florida has the only state juvenile justice system in which relatively complete data obtained from all components of the system from intake to aftercare, is analyzed regularly. The Florida data provides for a description of the kinds of children entering the system, the dispositions they receive, and the relative effectiveness of various dispositions in terms of recidivism. These data permit us to assess the accuracy of the criticisms and to estimate the efficiency of the policy recommendations.
- Findings and Policy Implications: Contrary to the assumption apparently held by many critics, these figures indicate that the system is not, in relative terms, inundated with serious and/or repeat offenders. More commonly, referrals to the juvenile justice system have been arrested for the first time and either charged with a crime against property or with a victimless offense, e.g., possession of marijuana. It would be more accurate to say that the Florida system in recent years has been receiving a growing number

of children charged for the first time with relatively minor offenses. Although the number of juveniles entering the system and charged with serious crimes or possessing a history of referrals and/or commitments for serious crimes has risen rapidly in terms of absolute numbers, these children remain a definite minority among the children entering the system. In fact, they do not constitute a significantly larger percentage of all juveniles entering the system now than they did five years ago.

Clearly, the Florida data show that juveniles diverted from the system are characterized by a low recidivism risk. These juveniles are new to the system and are generally referred for relatively minor offenses. Given that only 41% are referred back and only 6% are committed within a 2½ year follow-up period, the use of diversion as the main dispositional alternative in the JJS is eminently defensible. As demonstrated earlier, most referrals to the JJS, at least in Florida, represent first time offenders who are charged with less serious offenses. It bears mention at this point that each case handled judicially, in Florida, costs taxpayers from \$1000 to \$15000 and each commitment to a treatment program costs an additional \$2,000 to \$12,000 annually. Clearly diversion provides for a major opportunity to reduce the cost of operating the juvenile Justice System.

The Florida data also indicates that, for juveniles who appear to be rather serious recidivism risks, probation is a cost-effective alternative to more structured and much more expensive programs. Although the majority (69%) of children placed on probation are eventually referred back to the system, only 25% of re-referrals result in commitments. Moreover, in Florida, it only costs \$450.00 per year to serve a child who has been placed on probation.

Approximately 95% of juveniles referred to the Florida system are either diverted, found not guilty, have the charges against them judicially dismissed, or are placed on probation. The remaining 5% of children referred to the system are committed to the Youth Services treatment system. The Florida Youth Services' array of programs ranged from non-residential intensive counseling to secure residential institutions. Youth Services has conducted recidivism oriented evaluations of all major commitment alternatives.

Short of an experimental design with random assignment of subjects to each dispositional alternative, precise comparability of recidivism between programs is not possible. Thus, the comparisons of the research findings are highly suggestive, but not conclusive.



Community based commitment programs in Florida appear to have achieved success rates, as measured by recidivism, similar to, or better than, institutional programs. Less restrictive programs, particularly non-residential programs, are at least as effective as training schools, and they are on the whole far less expensive.

On the basis of both efficiency and effectiveness criteria, the Florida data support policy and budget decisions favoring large scale diversion practices, expanded use of probation, expansion of less restrictive, less costly community-based commitment programs, and a decisive reduction in the number of juveniles placed in training schools. We believe that such an approach would diminish the cost of operating a juvenile justice system without significantly increasing the risk of the community or lessening the ability of the system to deter delinquent behavior.

The system has a tendency to be too permissive with juveniles who have committed serious offenses and too severe in its handling of relatively non-serious offenders. The most effective way to respond to both conservative and liberal critics would be reverse the current relationship between seriousness of offense and offense history and severity of response from the system. For liberals, this change would presumably provide for more diversion and deinstitutionalization and for conservatives there would be more appropriate handling of the serious offender. More importantly, this shift in judicial and correctional policies would make the system more just and, we would wager, more effective in its handling of juvenile offenders.

## SUGGESTIONS FOR IMPROVING PRODUCTIVITY IN STATE GOVERNMENT

Ralph Schunk, Senior Governmental Analyst, Management  
Review and Improvement, Office of the Inspector General

I want to share with you, this morning, some of the things we are planning to do to improve productivity in Florida's State Government. We recently developed and furnished to each state agency a listing of twenty-five (25) to thirty (30) ideas on such productivity subjects as employee motivation, management and financial controls and system improvements.\* We also requested each agency to review these ideas and to furnish us with other ideas which they have implemented or which they feel are worthwhile. A manual, incorporating these suggestions as well as those identified through a review of publications and materials from other states, will be prepared and made available to state agencies.

The manual will contain innovative and aggressive ideas to enhance productivity including:

- Job rotation, job redesign, increased employee participation in decision making and other behavioral science techniques;
- Incentives both financial and psychological;
- Position sharing - using part time employees to fill a full time equivalent position, using students or adults who are available for employment less than full time;
- Utility workers who because of cross training and experience can assist in other work areas during peak workload periods or to replace employees who are absent from work;
- Volunteerism - under this program people are encouraged to work voluntarily in programs in which they have a special interest or in which they desire to gain experience. Social programs in Florida have been fairly successful in recruiting volunteers. However, administrative and technical programs have not.

We plan to develop a skilled inventory bank of employees who have specific skills that can be made available on a short-term loan basis to other agencies---to resolve problems---to conduct training or cross training of employees, or to implement innovative and aggressive ideas which have proven to be successful in the loaning agency.

\* See Exhibit "A"

Recently, a group of industrialists from Germany visited Florida in an attempt to locate a site for a large industrial plant. Because of the language barrier and the inability of the business people in the area to communicate on matters other than tourism and real estate, the industrialists became frustrated and returned to Germany. Dr. Heaton, a retired executive became concerned and he and two colleagues flew to Germany at their own expense in an attempt to resolve any misunderstandings. As a result of this effort, the industrial plant is now under construction in Manatee County

Realizing that this type of service might be needed in state government as well, Dr. Heaton has since recruited a group of twenty-five (25) retired executives. This organization is now known as REAP (Retired Executive Advisory Panel, Inc.)

Dr. Heaton when offering the services of this organization to the state, was advised that the state has some senior citizen activities such as "Meals on Wheels" and other similar programs which could use their services. Fortunately, Dr. Heaton was not discouraged. His second letter advising that he was offering the services of retired business executives from private industry such as Mobil Oil, Exxon and Occidental Petroleum was acknowledged in a more appropriate manner. REAP is now planning to establish branch organizations in Tallahassee, Orlando and Miami in addition to the one in St. Petersburg. REAP is a tremendous resource to the state and can contribute substantially to improving management in state government.

Efforts to establish a Florida Center for Productivity is underway. Its purpose is to support and assist state agencies to enhance productivity. Such support will include:

- ready access to national experts in productivity
- response, position papers and analytical research, and
- continuous update of available information from published sources and data files.

It would also be possible to obtain consultant services, convene a panel of experts for a seminar or conduct a workshop through the center. In short, each state agency would have access to continuously updated information in matters pertaining to productivity in government.

Many states; Missouri, Kansas, North Carolina and Washington to name a few, have conducted efficiency programs using the services of executives donated by the private sector. For the most part, these programs or studies have been short-term---one shot efforts. They spend approximately three months doing the study, make a report and leave. They do not have to live with the results, nor do they, in most cases, guide or assist in the

implementation of their recommendations.

We feel that efficiency studies, utilizing the services of REAP, the Florida Council of One-Hundred and the Florida Center for Productivity, and limiting such studies to topical areas---rather than attempting to study all areas at the same time---would be most beneficial. Tentative plans anticipate the establishment of a steering committee who would review the report and make sure that the estimated savings, if any, are reasonable. (Many times in the past, such efficiency studies have been criticized because of inflated savings and understated costs.) If the report is accepted by the steering committee, the steering committee would be responsible for obtaining the Governor's and/or the legislature's approval to proceed with implementation. The task force or the Inspector General's Office would direct, assist, follow-up and periodically report on the progress of implementation. Problems encountered would be referred to either the task force or to the steering committee for resolution.

Although many books and articles have been written on productivity, only a few have application in state government and even less have been successfully implemented by the states. North Carolina implemented an incentive program in one program area and attempted to pay bonuses to employees for increased productivity. Productivity increased and so did the cost. As a result, no monies were left to pay the bonuses. An exchange of information with other states can be beneficial to each state whether or not the attempt was successful. In this way, we can all avoid to some extent the problems or pitfalls which others have encountered. We hope to include in the manual which I discussed earlier a bibliography of the states, cities and municipalities which have practical experience in the area of productivity and the success or failure that they have had.

The highway to increased productivity is strewn with discarded or abandoned productivity programs---there are far more programs that have failed than have succeeded. If we understand why they have failed, then we are in a better position to keep that from happening to us. Often managements' perception of productivity and the employees' perception are quite different. Communication or the lack of it appears to be a major cause of the failures. Many times, employees are never asked for their opinions or for their input. Employees often look upon productivity initiatives as just another ploy by management to make them work harder.

A recent report by the National Science Foundation, based on a study conducted by New York University, stated that the key to having workers who are both satisfied and

productive is motivation. The report continued by stating that of all the factors which help to create highly motivated and highly creative workers, the most important factor is that effective performance be recognized and rewarded by whatever terms are meaningful, whether it be financial or psychological or both.

If we are to gain employee support, we must also eliminate the practices which penalize them for productivity improvements. Employees have to be convinced of the fairness and the equity of the program for it to work.

In conclusion, I feel that a substantial number of productivity improvement programs fail because management was not selective in either the program or the organization area in which it was implemented. Productivity programs have to be tailored to the individual organizational entity. Most will not work on a department wide basis and certainly not on a state-wide basis. I think that this is what makes productivity such a challenge to management.

PRODUCTIVITY SUGGESTIONSA. Employee Motivation and Morale

1. Reduce absenteeism rate by implementing sick leave buy-back program. This is a program where employees are paid for a portion of unused sick leave beyond a certain accumulation level.
2. Establish flex time programs. This could help to save energy, reduce traffic congestion and offer conveniences to employees.
3. Design job enrichment plans. Diversify duties and responsibilities of employees with menial jobs.
4. Implement position sharing plans. This entails hiring two part-time workers to fill one FTE. Benefits are the creation of employment opportunities and increases in productivity on tedious tasks.
5. Utilize a team approach to accomplish projects. This approach entails soliciting participation from the employee, getting the employees involved, getting their input and ideas, and letting employees plan and schedule the work.
6. Increase the training of supervisors in management techniques such as work scheduling, sampling and problem-solving.
7. Offer incentives for outstanding performance:
  - a. service awards and certificates
  - b. publicity, via agency newspapers and/or association magazines
  - c. selection as a trainee for formal training programs
  - d. inclusion in management planning activities
  - e. written commendations in personnel files
  - f. selection as a representative for the agency to attend professional association meetings or seminars
8. Develop new compensation plans, i.e., insurances, bonuses; distribute to agencies a percentage of discounts earned for use in enhancement programs.
9. Expand promotional opportunities; establish discrete levels within paygrades; make progress contingent on performance and attainment of training and experience.
10. Increase formal training and development programs; develop a plan with each employee; encourage participation; monitor and reward progress; see incentives in number 7.

## B. Management and Financial Controls

1. Pay invoices in a more timely fashion. This helps to prevent lost discounts as well as untimely payments may prompt vendors to increase contract prices to the state.
2. Establish a form control committee; consolidate like forms; delete unnecessary forms; reduce printing costs, inventory; data collection activity.
3. Solicit users perceptions. How do recipients perceive the quality, quantity and responsiveness of the service that is being rendered?
4. Consolidate voucher payments to the same vendor. This reduces processing costs, filing space and volume.
5. Streamline decision-making system.
6. Utilize planning and control techniques to expedite the completion of fixed capital outlay projects.

## C. Systems Improvement

1. Reduce size of inventory and supplies; less storage space needed; reduce rental costs; better utilized space for employees; reduce amount of capital tied up in inventories.
2. Identify backlogs; plan and schedule their reduction.
3. Review need for field offices. Can offices be closed or co-located?
4. Study utilization of equipment, EDP usages. Will additional shifts allow for greater use of equipment utilization?
5. Develop utility worker concept. Train employees to work in several different functions so they can be better utilized and assigned to where the work is.
6. Develop active work simplification plans. Analyze current systems; review alternatives; recommend changes, additions, deletions.
7. Seek travel discounts. Contact travel agencies on bid basis.
8. Study feasibility of contracting out services to private vendors. Areas to look at would be: contracting out printing services, building maintenance, ground maintenance and security.
9. Study use of voucher systems to purchase goods and services in the private market.

D. Productivity Committee

1. Create within each agency a productivity and working life committee to examine methods to encourage productivity measurements, analysis and promotion within the agency. The committee should also be tasked to assess productivity impacts of existing and proposed agency programs and thus aid in developing policies to accelerate productivity advances.



## FINDING THE CAUSE OF POOR PRODUCTIVITY

A. C. Levingston, Inspector General, Department of Transportation

During the week all of us have listened to presentations or entered into discussions concerning the measurement of productivity, and we have reviewed various methods by which this may be done. The purpose of my presentation this morning is to pick up where deficient production has been discovered and to present procedures which may assist in detecting the causes of this deficiency.

To illustrate, I have handed to you an excerpt from the manual of the Office of Internal Audit in the Florida Department of Transportation. If you will look at page 1 of section 1.7 (Exhibit "B") you will note in the center of the page, eight categories which are to be reviewed before completing any audit assignment. Standard procedure dictates that these areas be considered as applicable to any audit assignment. Following this list of eight items is a narrative containing the philosophy behind each of the causes of weaknesses. This is followed by the types of questions to ask, either of those being audited or for consideration by the auditor as a part of his review. During the course of the review the findings in each of these areas are documented.

Section 1.8 of the manual (Exhibit "B") relates to the tests made to determine if the audited entity is achieving its objectives. If the objectives are written, as they are in the Department of Transportation, they should form a valid part of total Department objectives. They should express accurately the actual mission and the operation of the entity should be economically feasible.

Looking further for causes of weak productivity the auditor is instructed to review internal control. You will note in section 1.9 (Exhibit "B") that many control points are mentioned and that procedures are outlined for the auditor to follow in reviewing these control points and others.

Page 2 of section 1.9 provides a checklist for the auditor to use as a reminder.

It is pointed out in the manual, and I emphasize again that the material presented in these excerpts are to be used for the purpose of directing the thought process of the auditor and providing reminders, but I caution that the information is not all-inclusive. It is submitted principally as an illustration of items to consider. If you now turn to the last two sheets of the handout you will see examples of productivity

findings within the Department of Transportation. These findings were extracted from actual audit reports and served to reflect the type of productivity improvements which have resulted from following the attached manual excerpts. I wish to point out that these few are selected because it was relatively easy to assign a dollar value to the findings. Many others, such as strengthening internal controls, reducing losses through better security measures, prevention of duplication of work through organization changes etc. are not measurable, but they result in sizable increases in productivity within the Department of Transportation.

With millions of dollars being expended each year by state agencies, many opportunities are presented for increasing productivity. The Department of Transportation produces a tangible product, so much of our effort is devoted toward reducing the cost of that production. Other agencies produce services and, in like manner, efforts are expended to decrease the cost of producing such services. To be successful in this endeavor, we cannot rely on checklists. We need, as a basis for technical knowledge, sound academic training in accounting, auditing, investigation and analytical expertise. Coupled with academic training it is necessary that we develop a thorough knowledge of our department's management philosophy and political commitments so we will be aware of the objectives of management and can assist management in attaining these objectives by reducing costs. Of course we need an independent, objective atmosphere so we can evaluate properly the findings resulting from our reviews. We need an innate curiosity. This enables us to go beyond the scope of our instructions and question items which could not be foreseen while the assignment was being prepared. And coupled with the curiosity we need a dash of skepticism. We must question everything we see until we arrive at a logical conclusion. We must provide to management and to others within the organization an image of assistance. We must convince them we are there to help them perform their jobs better and if we are successful in doing this we will attain their cooperation rather than antagonism.

And last and most important, we must have a deep-rooted dedication toward serving the citizens of Florida. We must realize that in most cases we work without praise and in some cases in an atmosphere of criticism. We must rise above this and be able to tell ourselves, if no one else does, that we are doing a good job toward helping management provide the very best services at the least cost for their bosses - the citizens of Florida

The following is a summary listing of some of the productivity findings within the Department of Transportation:

- Revised statewide reporting procedures covering progress estimates on construction. By the simple expedient of establishing correlative reporting dates, it is conservatively estimated that reduction in processing time saves the state \$200,000 per annum.
- Correcting a flaw in billing procedures for federal grants allowed billing of \$819,000 which had been due the Department as far back as 1976. This correction not only aided our current cash flow problem, but provided a more effective, predictable billing procedure for future use.
- A few minutes of reviewing the cost of installing Suncom in an outlying office resulted in such installation being made at an annual savings of \$3,600.
- Changing the hours of attendants at DOT Vehicle Service Stations allowed greater use of state-purchased fuel vs. retail, at an annual savings of \$100,000.
- Correcting an out-of-DOT flaw in accident reporting procedure increased insurance collections for damages to DOT guardrails, bridges, etc. approximately \$600,000 per year.
- Verification of cash balances held by the counties' Registries of Court for the purpose of assuring prompt payment of disputed parcel cost for right of way, revealed that over \$2,000,000 cash returnable to DOT was recoverable. Revised procedures have allowed more current use of this type funds, with an interest-earning value of over \$160,000 per year.
- Testing of rental telephone equipment resulted in recovering \$3,700 in overbilling and a reduction of \$238.65 per month in future rents.
- Periodic security audits of 35 warehouses and 20 toll facilities plus the 11-county Turnpike have resulted in installation of fences, lighting and other measures which have curbed losses by theft and robbery by at least 50%.
- A review of statewide filing of records resulted in establishment of a central records management system which allows easy compliance with Archives procedures, fast retrieval, and minimum record loss.
- Investigations section has resulted in curbing criminal actions by employees.

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION Office of Internal Audit		Section No. 1.7	Page 1
Work Area:	Internal Audit	Effective Date	Approved:
Section	Efficiency and Economy	1/1/79	<i>[Signature]</i> Internal Auditor

The GAO Standards, Part III, Chapter 1 provide that the scope of an audit should encompass a review of efficiency and economy.

With attention of the Department officials being, of necessity, turned toward cost savings during recent years, it is proper that more effort by Internal Audit be expended to point out to management those areas where more efficient and economical operations can be effected.

Since successful attainment of efficiency and economy is brought about through awareness and alertness by all auditors on any assignment on which they may be working, this section provides reminders of areas and methods where such conditions may be improved. Every auditor should be thoroughly familiar with these areas and conditions, and review them when performing all assignments.

There are eight principal categories which should be reviewed before completing any audit assignment:

1. Ineffective procedures
2. Duplication of effort
3. Unnecessary work
4. Poor use of equipment and supplies
5. Overstaffing
6. Faulty purchasing
7. Wasteful use of resources
8. Poor use of EDP services

#### Ineffective Procedures

Procedures are often written by persons unacquainted with actual working conditions and problems encountered under application of the procedures. At times, the auditor may be informed by middle management or lower management personnel that the procedures are causing excessive work, or that they permit weak control. More often, however, it is necessary for the auditor to observe these conditions without their being brought to his attention.

The most effective tool for unearthing such conditions is a strong curiosity. The auditor, upon observing any procedure being applied, should ask questions such as:

1. Is this being done according to written instructions?
2. Could the same task be performed with one less employee?

3. Isn't there need for a control point here?
4. Are the instructions apparently written to apply to a larger or different type of activity?
5. Could written procedures be modified by the Department, so as to fit existing procedures issued by FHWA?
6. Would a change in procedures be economically feasible?

These and other questions should be ever present on the minds of the auditors.

#### Duplication of Effort

The use of simple flow charts in presenting operations will, at times, reveal duplication of effort. The duplication may occur within the unit under review, or it may cross unit, section or division lines.

Questions for the curious auditor to ask are:

1. Could this same task be performed with fewer personnel by arranging the flow of work and the duties assigned to each employee?
2. Is work similar to this being performed by another unit in the same or another section or division?
3. If the answer to 2, above is yes, can any or all of the accomplishments by the other unit be utilized by the one under review, or vice-versa?
4. Is testing being performed on materials already certified as satisfactory by other recognized outside testers?

#### Unnecessary Work

While testing for duplication of work, the auditor may also attempt to discover the performance of work which is not necessary. In this regard, he may ask:

1. Are forms being filled out or reports made which are being discarded without reading?
2. Is every step taken necessary to accomplish the unit's objectives?
3. Is work being performed manually which could be performed by machinery or electronic data processing equipment more economically?

#### Poor Use of Equipment and Supplies

Quite often in the past equipment and supplies have been overpurchased or

underused. The auditor may discover areas of savings by asking:

1. Are idle pieces of equipment evident through visual inspection?
2. Does the warehouse inventory appear to have excessive amounts of easily attainable goods?
3. Is the inventory turnover slowing down compared with other warehouses or former periods?
4. Is there evidence of an abnormal loss of equipment or inventory attributed to theft or unexplained loss?
5. Is there a reorder procedure for inventories?
6. Are custodians made responsible for equipment?

#### Overstaffing

The auditors should expect no help in this regard from the audited personnel. They should reply, instead, on observations, asking themselves the following questions:

1. Is wasted time evident by observing overuse of coffee break time or idle talking during working hours?
2. Does examination of employee records indicate an increase in the number of employees with no corresponding increase in duties?
3. Does examination of logs, contracts and work records indicate a decrease in duties without a corresponding decrease in number of employees?
4. Are there an abnormal number of trainees, indicating high personnel turnover and inefficiency?

#### Faulty Purchasing

Items to look for in this area include:

1. Are items purchased at lowest price through the bidding process?
2. Are excessive quantities of supplies being purchased?
3. Are inadequate quantities of supplies being purchased, resulting in local, single-item purchasing?
4. Is equipment traded in while still in good condition, on an uneconomical basis?

5. Are inferior items being purchased?
6. Are contracts for equipment and supplies worded so as to indicate favoritism?

#### Wasteful Use of Resources

During years when obtaining budget requests is relatively easy, Department officials are prone to request more than the actual need of manpower, materials and equipment. Having these resources on hand, it is sometimes found that management is reluctant to lose personnel positions or request less materials and equipment than the previous year lest a precedent be set which could be detrimental to future operations.

Keeping this in mind, the auditor should ask:

1. Is this expenditure for supplies necessary, or could more economical usage tend to reduce the need?
2. Is manpower being wasted performing nonessential chores, or duplicating work?
3. Is equipment laying about idle?
4. Is equipment being traded in and new equipment purchased too often?
5. Is all traveling necessary?
6. Are all billable claims being filed?
7. Is use of money being denied because of inefficient collections?

#### Poor Use of EDP Service

Questions an auditor might ask in this area are:

1. Are reports being prepared which are not needed?
2. Are priorities in programming carefully reviewed by top management?
3. Is EDP equipment being used for personal, non-Department work, such as computing bowling averages?
4. Can better programming cut machine time?

The questions posed above are merely samples of the types of questions to pursue. The intent of this section is to provide a guide to the type of thinking that must be done - not to provide a complete checklist.

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION  
Office of Internal Audit

Section No. 1.8

Page 1

Work Area: Internal Audit

Effective Date

Approved: *[Signature]*

Section Program Results

1/1/79

Internal Auditor

GAO Standards provide that each audit shall contain an evaluation of the success of the audited entity in achieving its objectives.

In determining the foregoing, the auditor should consider:

1. The criteria used by the auditee to evaluate program results.
2. Accuracy of data accumulated.
3. Methods followed by auditee to evaluate effectiveness of program achievement.
4. Reliability of results.

In addition, the auditor should examine the written objectives of the audited entity and determine if (1) they form a valid component part of the total Department objectives, (2) they express the actual mission of the audited entity, and (3) entity is economically feasible in its function. If any of the foregoing are negative, appropriate recommendations should be made.



Work Area: Internal Audit

Effective Date

Approved

Section Internal Control

1/1/79

Internal Auditor

Underlying all audit reviews, including investigations, should be an awareness of the adequacy of internal control. This adequacy is important to the smooth functioning of any operation and particularly one as large as the State of Florida Department of Transportation. Yet many of us who have practiced auditing for lengthy periods of time would be hard pressed to define exactly what is meant by internal control and what should be watched in reviewing its adequacy.

The American Institute of Certified Public Accountants, in its statements of auditing procedures Number 29, has this to say about Internal Control: Internal Control comprises the plan of organization and all of the coordinate methods and measures adapted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency and encourage adherence to prescribed managerial policies.

While the foregoing is academically correct it does little to tell us just what to look for. Lawrence Sawyer goes into a little more detail: Control comprises all the means devised in a company to direct, restrain, govern, and to check upon its various activities for the purpose of seeing that company objectives are met. The means of control include but are not limited to form of organization, policies, systems, procedures, instructions, standards, committees, charts of account, forecasts, budgets, schedules, reports, records, checklists, methods, devices, and internal audits.

The foregoing could be accepted as our definition of internal control, but we are still left with the question; how do we detect weaknesses within the plan? Or is there a plan at all?

The detection of weaknesses in internal control can be accomplished in great part by following checklists and asking questions. Of more importance, however, is the innate sense of awareness by the auditor when something is not exactly right. Without the second the first can skirt all around an issue and not find the problem. Accordingly, it is with some hesitation that we offer a checklist of questions to ask and items to observe. This list should be used as a guide and a reminder only but certainly not as a complete, fool-proof system of determining areas of weakness in internal control.

As to the format to be used in the working papers and in presenting the information discovered it is felt that the resources of the auditor should be used and that he should be free to use the methods he feels to be most adequate with the least amount of time involved. If he feels flow charts are necessary to depict a procedure or to recommend a change, then flow charts should be used. If narrative accounts of the findings appear to him to be more satisfactory, then he should be free to use this method. For the most part just a word or two by each item of the checklist should be sufficient to indicate that the item has not been overlooked and that nothing was discovered which leads to further work on the part of the auditor. In those cases where such work is advisable because it is apparent that a weakness exists the auditor should make use of the "think sheet" and tackle the problem in the usual manner. This "think sheet" or Problem Analysis Sheet assumes that the auditor has analyzed possible problem areas by determining the Condition, Criteria, Cause,

Work Area: Internal Audit

Section No. 1.9 Page 2

Section: Internal Control

Effective Date 1/1/79

### Effect and Remedy.

In testing the Condition of the potential problem the auditor should consider the Standard, Feedback and Monitoring. This takes into account the instructions or conditions governing an action, the documents reflecting actions actually taken, and the method used to assume that actions which are taken are proper.

Please use the following checklist only as a guide to be observed during your performance of all audits and indicate on each of the items brief notes as to your findings. Where the findings are negative the work should be expanded.

### CHECKLIST:

1. Does the general form of organization lend itself to a division of work which offers a maximum control? In reviewing this item consider such items as the basic questions-- Does everyone have a supervisor? Is it possible for a fraud to be committed without an accomplice?
2. Do the policies and procedures clearly indicate that there is a division of work and a system of supervision which would minimize fraud?
3. Do the accounting methods allow personal items to be charged as department expenses?
4. Is the system of authorization for expenditures or activities sufficient to prevent unscrupulous employees from using the department facilities or assets for their own benefit?
5. Are the budgets used as a control measure? Are supervisors held accountable for keeping their expenditures within the budgeted amounts? Are the budgeted amounts reasonable to begin with?
6. Are authorizations of leave slips, purchases, etc. properly dated and documented by signature?
7. Does the authorization have a true meaning or is it merely a rubber stamp type of endorsement where reliance is placed on the person under control of the supervisor? Has a study been made by Internal Audit concerning security? If not, does a brief inspection warrant further work in this area? Does anyone in the unit have the authority to question expense vouchers, time sheets and other documents which result in remuneration to employees? Do they exercise this authority adequately?
8. Is management responsive to suggestions for strengthening control?

## PRODUCTIVITY MEASUREMENTS

Fred Baldwin, Inspector General, Department of Health and  
Rehabilitative Services

My topic this morning is productivity measurement. This is an extremely broad subject on which there have been volumes written and I will not attempt to cover the entire subject. My purpose is to discuss some of the experiences HRS has had in this regard. HRS, however, cannot take credit for the development of all of these particular measures since some are required by Federal law and regulation, or by state law.

As you have noted from the manual, productivity is more or less the sum or combination of factors that results from determining the effectiveness, efficiency and responsiveness of the particular program. I have made the suggestion and like to think of productivity as performance. The word productivity does not connote the broad impact or result which one anticipates when evaluating the efficiency, effectiveness and responsiveness of a particular program. The end result of this effort is more appropriately described as the performance of the program. Also, productivity implies the production of a product which does not always result from governmental services. It is the overall performance of a particular governmental function that one is attempting to evaluate through the establishment of what the manual terms productivity measures.

Let's quickly review the factors or elements of productivity:

- Efficiency primarily has to do with the actual dollar vs. budgeted cost, or actual workload vs. planned accomplishments.
- Effectiveness is the relationship between planned operational objectives and the actual progress of the program or agency in reaching these objectives. What is the goal of the agency? What are its objectives? What is it trying to accomplish and how well are they achieving these objectives?
- Responsiveness relates to the time factor, that is, the time required to deliver a service, such as the time required to respond to a client's application for assistance.

To evaluate the performance of a unit in regard to each of these three areas, one must first establish standards

against which actual performance can be measured. Three processes in HRS that are either in the process of development or in actual operations are examples of how the department is addressing this point:

Efficiency: The office of the Assistant Secretary for Programs has as one of its objective in 1979-80, to establish for every distinct program area, performance criteria on which the programs will be evaluated and monitored. Pre-establishment of such standards is the only way to have a sound base for evaluation of programs.

Effectiveness: Under the direction of Secretary Pingree, the department has in place a system whereby every operating unit of the department establishes operational objectives for each year. These objectives are developed from the lowest organizational unit up through the office of the Secretary. At the present time, the operational objectives have been selected by the various units of the department and are in the hands of the Secretary for final approval. After his approval, the Executive Management Group, that is, the Secretary, Deputy Secretary and the three Assistant Secretaries will decide which of the numerous objectives will be entered into the computerized tracking system. Periodically, reports are furnished to the office of Management Review which tabulate and summarize the status of all departmental objectives for review by the Secretary. This is a very formal process and one that has already attained significant benefits by assuring that the department addresses and fulfills its priorities and those of the legislature.

Responsiveness: One of the major problems that the department has had over the years is one of not responding in a timely fashion to requests from legislators, the Governor's Office, as well as others throughout the state including clients. The department has in place a computerized tracking mechanism to record such requests including the person responsible for reply and the due date for completion. As a result of this system, very few, if any, important requests "slip through the crack".

I want to now discuss performance on productivity measures utilized in three different types of programs or processes. These activities are: (1) voucher processing, (2) assistance payments in the AFDC programs, and (3) vocational rehabilitation program.

Voucher Processing: A measurement of efficiency can be the number of vouchers processed per clerk, or the average cost of processing a voucher may in some cases be meaningful.

Effectiveness can be measured in terms of error rates. The lower the number of errors in calculations and other data the more effective the process is. Responsiveness can be measured in terms of the time required to effect payment to the vendor from the time the invoice is received. As you know, state law requires agencies effect such payments within thirty (30) days; fifteen (15) days is allowed from agency to Comptroller. HRS internal audit unit regularly samples the vouchering process to assure that the department remains in compliance with the law.

AFDC Program: The major element of the Aid to Families with Dependent Children Program is providing money payments to needy families. To measure efficiency and to provide a means to allocate staff resources, the program has for years utilized a staffing formula which is based on the time required for a worker to perform the various tasks required, for instance, initial eligibility determination and periodic redetermination of continued eligibility. Effectiveness measures are set by Federal law. All states must meet these standards for continued Federal financial participation. The measures are 3% or less error rate in eligibility determination, and 5% or less in the amount of the money payment. Responsiveness might be measured in terms of the percent of overdue redeterminations. Federal law requires that each family's eligibility be re-established every six (6) months.

Vocational Rehabilitation Program: This program has a well established data on which to judge performance. In recent years the number of clients served decreased to its current level of 9,000, while the number of staff has remained fairly constant. From this situation one may judge the program's efficiency rating to be poor. Such is not the case. Several years ago Federal law redirected the emphasis of the program from broad eligibility requirements to more restrictive measures to assure that priority be placed on the severely disabled. As a result, the borderline handicapped cases are no longer eligible. Also, staff time per case is considerably longer for the severely handicapped than for those with moderate or borderline handicaps. From the standpoint of effectiveness, Florida's caseload is sixty (60) percent disabled. This sixty (60) percent rank is number one in the country. Therefore, in terms of meeting the Federal priority, Florida is most effective. Another meaningful measurement of effectiveness is that which addresses the primary objective of the program; the number of "rehabilitations". A rehabilitation is defined as a client having been placed in a productive, wage earning job for at least three (3) months. Still another measure is the amount of increased earnings at the time of closure. If the earnings of the client at time of entry into the program

(which in many cases is zero) is compared to earnings after three (3) months on the job, then a pretty good indicator results as to how effective the program is in terms of economic value to the client's family and society, not to mention his own self esteem. Florida ranks second or third in the country in terms of earnings at closure. Responsiveness can be measured in terms of the time clients spend in the program from acceptance to closure.

Let me say in closing that grandiose plans and operational objectives are useless unless realistic performance criteria are established by which the achievement of objectives and realization of plans can be measured.

## ORGANIZATIONAL STRUCTURE'S AFFECT ON PRODUCTIVITY

Shelton Kemp, Inspector General, Department of Labor and  
Employment Security

The organizational structure of an agency has as much affect on productivity as any single element with which I am familiar. In addition to the affect on productivity, it creates a severe morale problem if the structure of an agency is such that it duplicates what is currently in place. If you have personnel in positions that slow down or stop the free flow of work to justify the existence of the position or positions, then you can only affect the productivity and morale of an agency.

There are positions in an agency known as Assistant (Secretary, Executive Secretary, Director, or Chief) in addition to Administrative Assistants and Assistants To (Secretary, Executive Secretary, Director, etc.) The Assistant's main responsibility is to provide assistance to or be in charge in the absence of the agency, division or bureau head. The duties of Administrative Assistant or Assistant To are the same as the Assistant with one major exception: the Administrative Assistant or the Assistant To represents the agency, division or bureau head's views and not his own views. In addition to the Assistant, there are Administrators and Supervisors in an agency which are responsible for the day-to-day administrative and program operations of the department with the Directors responsible to the agency head. All of these positions are involved more or less with the agency head or their counterparts in providing services or protection to the citizens of Florida. This organizational structure, at best, leaves a lot to be desired.

For this reason, I would like to suggest that our present organizational structure in state government be looked at and restructured to provide for better coordination and implementation of the agency responsibility. For example, an agency at present has a Secretary, Assistant Secretary, Assistant to the Secretary, five Division Directors, five Assistant Directors, five Administrative Assistants, 12 Chiefs, 12 Assistant Chiefs and six Administrative Assistants. The proposed structure that I offer to you would be: Secretary, five Deputy Secretaries, one Assistant to the Secretary, five Administrative Assistants, 12 Chiefs, and 12 Administrative Assistants. This structure, as well as the one previously mentioned, would have Administrators and Supervisors attached to the respective bureaus and divisions which would be responsible for the day-to-day implementation of that agency's responsibility.

I believe this structure would put top management in a position to be more responsive and knowledgeable of the needs of their agency. The individuals who would make policy as well as programmatic decisions would be the Secretary and Deputy Secretaries. The Deputy Secretaries would have programmatic responsibility for the operating divisions which are currently headed by the Directors. They, along with the Secretary, would be the executive staff of that respective agency. Unnecessary positions were thereby eliminated because they slow or stop work and/or duplicate current work responsibility. As a result, the agency, the state and the citizens would profit from this structure.



## PRODUCTIVITY IMPROVEMENTS IMPLEMENTED IN THE DEPARTMENT OF CORRECTIONS

T.P. Jones, Assistant Secretary for Programs

The topics presented are summarized as follows:

- Single Records System - instituted a single records system for joint use by the Department of Corrections and the Florida Parole and Probation Commission. This initially resulted in ten positions being deleted, the elimination of duplicate materials and/or services and reduction in file space costs.
- Food Distribution Centers - a system was designed to provide food products to thirty-eight (38) community facilities at a cost based on volume discounts available to major institutions. Provided a system whereby as much food as possible comes from internal production resources. Reduced need for inventories in community facilities. This resulted in deletion of two positions in the Central Office at a savings of approximately \$20,000 per year and an additional savings in the field in excess of \$150,000 annually.
- Inter-Agency Work Programs - this program was designed to assist state agencies, local agencies and communities in providing services to the public at little or no cost. The estimated value of the work performed during the month of June, 1979, was \$208,185.20. This was based on an hourly wage rate of \$2.90 per inmate. The total estimated for all state agencies including the Department of Transportation for the month of June was \$772,615.58
- Consolidation of Regional Inmate Welfare Funds - consolidated inmate welfare funds into one centralized operation. Savings are represented in reduced staff time in handling the funds.
- Improved Probation and Parole Services - a work hour formula was introduced in order to define staffing needs in number of hours required to perform a task which in turn set standards for time needed to perform tasks, thus providing an effective caseload management system. The amount of supervision fees collected in FY 78-79 increased from \$800,000 to \$3,400,000. A reorganization of personnel resulted in a saving of \$400,000 in salaries.
- Self-Sufficiency through Expansion of Industries Program - goods and services have been made available to state agencies at a 5% annual savings through expansion of the industries program.

- Prototype Design for New Institutions - these designs have been developed to speed up planning phases, and effect savings through standardization. Savings are expected to be from ½% to 1½%.

- Inmates on Contract Construction Projects - savings expected to average 20% per project.

- Utilization of Solar Energy Panels - details not available.

- More Efficient Health Care - this program is designed to provide more medical care from in-house resources. Other phases are to make present medical care as efficient as possible through bulk purchasing of medicines and better usage of medical personnel. Savings expected in excess of \$163,000 annually.

- Consolidated Laundry Services - aimed at reducing construction costs and using internal resources. Savings of \$109,000 annually.

- Utilizing Wood Fiber as an Energy Source - use of 100% of harvested timber from departmental lands. Savings have not been determined.

LEGISLATIVE PERSPECTIVE ON PRODUCTIVITY IN STATE GOVERNMENT

Ash Williams, Legislative Analyst, Speaker's Office  
House of Representatives

During the past two days, the workshop discussions have focused primarily on the procedures which the Inspector General proposes to use in reviewing and evaluating the management of state agencies under the Governor's supervision. That is a healthy way to approach the matter. Those of you who have had internal audit or managerial experience have, I am sure, contributed substantially toward improving the final document.

Before we can look at any specific incentives on productivity improvement, it would make sense to back up just a minute and look at the environment, and the needs to enhance the whole area of governmental management. As a representative of the Speaker of the House of Representatives, I would like to examine the issue of productivity from the legislative viewpoint. The sudden interest in productivity is due in part, at least, to public sentiment of the '70s. In general, the public feel that government is a big lumbering ox---taxes are ridiculous---government is inefficient---tax dollars are going down the tube and people are tired of waste and mismanagement. Government, to a substantial degree reacts to the mood of the people and to the press which interprets that mood. Elected Legislators, today, must be atune to the conservative mood---to ignore the public will, at any time is professional suicide.

In the '60s, the concept of the great society flowered--the public was in an expansive mood---social service programs were initiated and expanded with more and more money and workers. The government mushroomed at all levels. That is not the case today. Just as expansion was the thing of the '60s, the '70s is the time when people want to back up and re-group. How many Propostion 13s are we going to see before they start dying out? The message from the public is clear - let's quit expanding the government, take a look at the government we have and see what we can do to make it work and make it achieve the things it was established to accomplish. A couple of fundamental questions: Are the established programs accomplishing their objectives? Are dollars being spent in a worth while way? Should we perhaps modify these programs to acheive greater economy, efficiency, and effectiveness? These are questions that are easy to ask and popular to ask. It's efforts like the ones being made here that are the foundation for future advancement in this whole area. Developing work measures and structuring programs in terms of goals and objectives are going to preempt other priorities and

substantially affect the day to day activities of state government. While the atmosphere is calm, it is better to look at productivity measures which may be adaptable to your agencies operations; rather than, to sit back and wait for these topics to be addressed as a political expediency or by formula. As far as the legislature is concerned, the emphasis is on productivity and it is going to be continued. We are gearing up and a lot of people on the Speaker's staff have done a great deal of studying in the area. The legislature is going to be watching and asking all the same sort of fundamental questions that we are trying to figure out today.

We talk a lot about incentives for employees and incentives for government workers. We are all in the same barrel together--- we are employees. Managers, leaders, and employees a like need to become more knowledgeable and more proficient in all of the various areas that have been discussed today. We have got all kinds of incentives as managers, leaders, and employees. The time is right, the public mood is there, we have an administration that is forward looking and is ready to act. We would not all be here today if that were not the case. The feeling is there in the legislature and all systems are go.

Someone made the point earlier that for every ten articles written in the area of productivity there may be an ounce of implementation. It is up to us to show everyone else whether there is relevance in this whole exercise---and that is where the incentive lies for all of us. If we can get productivity enhancement in an operational sense on a day to day basis and in a dollar and cents basis, the benefits are going to be there for all of us. The skills that are being built into becoming an expert in this area are the skills that are saleable anywhere. It will not hurt any of us to gain a body of knowledge in this area; to pursue solutions and to use that knowledge each day as we go about doing the business of government. So go forward and do good.

## CLOSING REMARKS

Dick Williams, Inspector General, Office of the Governor

First, let me thank each of you for taking the time to participate in this conference. I hope that the workshops and discussions have addressed some of your concerns and that the results of the conference will prove to be meaningful and of mutual benefit. My staff and I will review the changes and modifications which you have suggested in the Standard Management Review Procedures. We will examine and attempt to develop more fully the innovative and aggressive suggestions which were identified during the panel discussions on productivity. The Governor is very interested in the results of our efforts, and we are anxious to undertake the next step in pursuing increased government efficiency and effectiveness. Your input during the conference, the results of the productivity panel discussions, and our own research in the productivity area will be included in future policy discussions.

The Governor has twelve areas that he is particularly interested in. One of these is efficiency in state government. In this area, some broad parameters, goals and strategies have been discussed. Now, after your input, we can proceed to establish a work plan for achieving meaningful results. You can anticipate that your department will be asked to prepare a plan within 90 days for accomplishing productivity improvements. These plans will include the methods to be used as well as the expected benefits to be received beginning January 1, 1980. You will be requested in the near future to assist in establishing a productivity council in the state, which will include expertise from the private sector. Your participation in establishing a productivity center here in Tallahassee will also be requested. The need for these types of programs at the national level have been expressed by President Carter. The word is out on productivity --- it has got to be turned around. Efforts to improve productivity are going to be supported by the federal government. Federal grants have supported a vigorous effort in North Carolina and twelve other states are beginning to break ground. We do not intend to rest on rhetoric, we are going to move ahead with our program and we ask your support.

A substantial portion of the conference has been devoted to finalizing the Standard Management Review Procedures. Each agency, using this final document as a model, or as a point of departure, should develop its own internal management review procedures. If we are to improve management we must periodically review and evaluate what is being done. Make no mistake about it, my staff and I intend to work very closely with the agencies under the Governor to develop initiatives which will increase

the overall managerial posture. We will look at what you are doing in your agency and cross pollinate with other agencies by taking improvements from agency to agency. When we conduct a management review in a department, I expect to spend 25% of the time with the departments' Secretary and administration and 75% with the Inspector General and Management Review Specialists, or Auditors, and come to a consensus as to where the agency is and where it ought to be in the coming months.

If you have any questions or problems I might address I would be happy to respond. I think this has been a good effort. We need to review these accomplishments in six, seven, or eight months, maybe even a year, to see how well we have been moving in the direction of increasing our overall posture. If you have any ideas or suggestions that you want to pass on, at any time, please feel free to phone or write. We have started a library of productivity materials and it is growing at a pretty rapid clip. We are also collecting materials on other topics that might be of interest to you. If you have any articles or publications that are particularly good and interesting, please share them with us.

The report from these proceedings will be presented to the Governor. A copy of this report will also be furnished to each department and to each of you. The report, as well as the results of the conference, will be discussed at subsequent meetings of the "Little Cabinet".

We solicit your help and assistance; and, encourage the departments which you represent to participate fully---as we move forward toward increasing productivity in state government.

**END**