

CALIFORNIA COASTAL COMMISSION

45 FREMONT, SUITE 2000
SAN FRANCISCO, CA 94105-2219
TELEPHONE AND TDD (415) 904-5200



TU 8c

January 13, 1997

To: Commissioners *Peter Douglas*
From: Peter Douglas
Re: Strategic Planning and Commissioner Brennan's Performance Audit Materials

Attached is the outline for a performance audit prepared at the request of Commissioner Brennan by staff at the BH&T Agency. As reported at the Commission meeting on January 9 in Los Angeles, appropriate elements of the proposed outline will be incorporated into our strategic planning effort now under way. These materials are helpful to staff and we recognize and appreciate the time and effort that went into the assignment.

It is staff's understanding that the Commission's strategic planning work will now incorporate performance evaluation considerations previously proposed for separate management audit review. Clearly, this is the most cost and program effective way to proceed. The outline and timeframe for completing the strategic plan for the coastal program will be presented at the Commission's February meeting.

Attachment

CALIFORNIA COASTAL COMMISSION

The California Coastal Commission (Commission) committed to establishing a strong leadership role in coastal management. As a State organization, the Commission also participates in the legislative mandates requiring management to prepare a strategic plan and perform periodic operations assessments. As a first step, the Commission is designing a strategic planning process which will include participants and interested parties. The goal of the strategic plan is to ensure compliance while providing quality services and public accountability. The Strategic planning process involves employees, constituency groups, permit applicants and the public. Input from many areas is used to develop an approach to move the organization forward. However, to ensure that decisions are based on factual data and administratively feasible solutions, a considerable amount of detail about current activities must be quantified. Many of the participants in the planning process have had little or no training in systems assessment of government programs. Further, the open and fluid communication process required for the planning does not facilitate gathering of detailed information necessary to diagnose and prescribe improvements to specific tasks. The Commission wishes professional assistance in reviewing its case management system to provide an objective and systematic independent assessment of the performance of the coastal management program to facilitate decision-making by the Commission.

BACKGROUND:

The Commission is receiving public attention and is in process of undergoing a membership change. New members will be going through an orientation experience which includes sorting out the conflicting theories to move the Commission forward to a productive result. The Commission originated from a public ballot initiative in 1972 with additional major legislation in 1976. Some of the non-enforcement original mandates of the Commission have not received reliable funding sources and, as a result, have never been implemented. For instance, a Coastal Resource Information Center has not been established and long term planning reviews are not routinely completed. Improved information resulting from completion of these mandated activities might significantly affect decision-making of the Commission.

The Financial Integrity and State Manager's Accountability Act provides that every State organization should be periodically reviewed by the head of the agency to ensure that its programs operate effectively. The Department of Finance recently completed the required review of the Commission's financial management. However, the Commission has never completed the requirement to review the effectiveness of its internal program procedures.

REPORT:

The audit report should be submitted to the Commission before April 30, 1997. The report should present findings with recommendations for improvement for use by the Commission members, management, and others interested in program activities. The report should be prepared in accordance with generally accepted government auditing standards and should include the written views of the Commissioners.

The auditors should prepare interim reporting to the commission, during the audit, of significant matters which come to their attention. Such communication, which may be oral or written, is not a substitute for a final report, but it does alert officials to matters needing immediate attention and permits them to correct them before the final report is completed.

If, during the audit, auditors identify significant issues that warrant further work, but the issues are not directly related to the audit objectives or the auditors do not have the time or resources to expand the audit to pursue them, they should refer the issues to the contract administrator in order to enable planning future audit work. When appropriate, auditors should also disclose the issues in the report and the reasons the issues need further study.

PURPOSE:

The Commission has established systems and procedures to carry out its policy decisions. The transactions which flow through these processing systems are subject to management controls and compliance criteria. Concerns have been raised about a lack of formal review of the economy, efficiency, and effectiveness of Commission processes. The Commission seeks assistance in identification of areas in which the procedures might be changed to better serve the purposes of the program.

The Commission wishes assurance that its policy implementation is proceeding in a manner which is both convenient for applicants and other interested parties and also effective in serving the purposes of the program. For instance, in carrying out the mission of the Commission, management system controls may provide for procedures which are either overly restrictive or unnecessarily vague.

AUDIT ENTITY:

The audit entity is the California Coastal Commission, its organization, programs, and resources as described in the Governor's Budget. The Commission annually files reports showing financial resources available to the Commission. The Department of Finance has completed an internal control review which describes internal controls in the financial management of the Commission's programs.

All operations subject to this review are performed by employees and members of the California Coastal Commission. There are no public-private partnerships or contracted programs within the scope of this review. All activities subject to this review take place in California.

SCOPE:

The audit should reach conclusions about the suitability of management controls of operations conducted in the current year. Where applicable authorities or processes have changed, emphasis on the historic should be limited to what is necessary to demonstrate whether the current system is an improvement.

The Commission will made available all applications filed with the California Coastal Commission between July 1, 1994 and June 30, 1996. Approximately xxx applications were filed during this period. Additional historical information will be developed on an as- needed basis.

Management control weaknesses found of significance to warrant reporting are considered deficiencies and should be so identified in the audit report. The management controls that were assessed should be identified to the extent necessary to clearly present the objectives, scope, and methodology of the audit.

The auditors should review (1) the extent to which the desired results or benefits established by the legislature are being achieved, (2) the effectiveness of the organization, programs, and functions, and (3) whether the Commission is in compliance with significant laws and regulations applicable to its programs. The Commission wishes assistance to identify and separate issues of operational processing which are the responsibility of staff from issues of environmental policy which are the responsibility of the Commission.

OBJECTIVES:

The report should be designed to assist in developing appropriate management information for the following:

ASSESSMENT OF INTERNAL SYSTEMS

General question: Are there tasks in the existing permitting process which could be improved with administrative changes to management system controls and employee's procedures within the internal operations of the Commission.

- Assess whether the procedures of the application case management system are proper, suitable, or relevant;
- Assess the effectiveness of the program and/or of individual program components specifically;
 - Cost/time/resources per unit for processing new permits for single family residential
 - Cost/time/resources per unit for processing new permits multiple unit and commercial
 - Cost/time/resources per unit for processing change permits for single family residential permits
 - Cost/time/resources per unit for processing change permits for multiple unit and commercial permits

- Determine whether management has considered alternatives for carrying out the program that might yield desired results more effectively;
- Identify factors inhibiting satisfactory performance;

ASSESSMENT OF COMMISSION LEADERSHIP

General question: Has the Commission adopted a performance measurement system which is related to the processes performed by staff and which provides appropriate management information to achieve public accountability and effective oversight.

- Does the Commission's oversight activity include preparation of a strategic plan, a business plan, a quality program, and an implementation schedule.
- Do performance measurements adopted by the Commission flow from adoption of a core responsibilities analysis and critical systems identification
- Does the performance measurement system include economy, efficiency, effectiveness, and program measurement components which can be related to each other in a logical way.
- Assess the adequacy of the management control system for measuring, reporting, and monitoring the progress of applications for permits
 - Does the data used for performance measurement arise routinely from day-to-day operations without extensive additional administrative routine
 - Determine whether management has reported measures of performance that are valid and reliable.
- Assess compliance with laws and regulations applicable to the program;
 - Does the information system routinely bring exceptions to the proper level of management attention
- Has the Commission completed an enforcement risk assessment. If so, given inherent risks, is the enforcement program designed to achieve the greatest control effectiveness.
 - Does the Commission have sufficient data to perform a periodic risk assessment update
 - Is the data reliable and valid
 - Is the data readily available
- Are long and short term planning activities sufficient to avoid extensive future costs of redressing adverse effects of poor planning and oversight.
 - Is there a logical relationship between issues identified in long term planning and program activities
 - Identify factors inhibiting satisfactory performance;
 - Do the Commission members clearly understand how various their various current strategic options will affect future issues
 - Does the proposed planning process allow sufficient flexibility to adjust for future changes in the geographic environment of the coastline and the business environment of the Commission

ASSESSMENT OF PARTICIPATION BY APPLICANTS

General question: Are there forms, procedures, and tasks in the existing process which could improve applicant participation in the permitting and enforcement processes.

- Of the applications which are filed but not approved, what percentage of final decisions was based upon fully executed applications. Of the remaining abandoned applications;
 - Did the applicant's failure to perform result from timing, information or procedure impediments at the Commission which prevented completion of a satisfactory application for permit.
 - Determine whether applicants are notified sufficiently early in the process that a proposal is unworkable so as to avoid unnecessary processing.
- Of the applications which are approved, are there activities which the applicant could have performed to expedite the process. If so, did processes of the Commission contribute to the applicant's failure to complete the requirements in the most expeditious way.
 - Could the processing time be improved if forms and procedures were redesigned
 - Determine whether management has considered alternatives for carrying out the program that might yield desired results more effectively; for instance
 - Is there a need for additional written guidance
 - Would a periodic workshop assist applicants
 - Could a restructure of staff delegation expedite the process
- Of enforcement of compliance violations, what percentage is due to failure to comply with parameters of approved projects and what percentages are due to failure to apply for or receive approval of the projects.
- Identify factors inhibiting satisfactory performance;

ASSESSMENT OF PROGRAM RESULTS

General question: Are there ways of making the program work better while still complying with laws and regulations.

- Assess the effectiveness of the program and/or of individual program components;
 - Determine the extent to which the permitting process achieves a desired level of program results;
 - Determine whether the program complements, duplicates, overlaps, or conflicts with other related programs;
 - Determine whether completion of uncompleted portions of statutory mandates would improve the program
- Could a simplified single family permitting process expedite the process while still providing appropriate protections
- Could a categorical delegation be designed for other State departments which routinely appear before the Commission
- Identify factors inhibiting satisfactory performance