



Audit

Follow-Up Report

February
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LaVonne Griffin-Valade, Multnomah County Auditor

Fran Davison, Senior Auditor

MULTNOMAH COUNTY

Auditor's Office

www.co.multnomah.or.us/auditor

503-988-3320

Weatherization Program

Audit Follow-up

Background

In May 2006, the Auditor's Office issued an audit of the County's Weatherization Program (Weatherization). The purpose of the original audit was to determine if Weatherization could improve its effectiveness and serve more people by allocating resources differently.

Weatherization provides energy conservation services, health and safety repairs, heating repair and replacement, and energy education to eligible households. Weatherization contracts with local vendors for insulation services, electrical work, furnace repair and replacement, plumbing, and other skilled trades. Funding comes primarily from federal sources and rate-payer fees collected by local utilities.

The 2006 audit found that Weatherization had staff with strong technical expertise and had a reputation throughout the state as a leader in its knowledge of weatherization measures and innovative weatherization practices. However, the audit also found that Weatherization:

- had not been able to spend all allocated funds;
- lacked a clear strategy to ensure that the neediest are served;
- employed a mostly passive recruitment strategy with limited outreach efforts; and
- needed to improve project management practices to serve clients more efficiently and maximize available resources.

Results of Follow-up

We commend the efforts of Weatherization staff in responding to the audit and improving their program. Most issues identified in the audit have been addressed, but several recommendations remain in progress and should be monitored.

In spite of many changes since the audit, Weatherization has been successful in managing its workload, developing its multi-family program, and spending all its allocated funding. Changes affecting Weatherization include staff turnover, the addition of one new position (new total of 6.5 FTE), and the need to handle fluctuations in funding levels, as well as the growth of the multi-family program. There was also a change of leadership and reorganization at the department level.

Implementation of some audit recommendations has been delayed until the planned conversion to a new project management tracking system is completed. The new system is scheduled to be in place by the end of FY08. The new system will provide a more stable platform for data and will allow Weatherization to better address project management concerns. During development, Weatherization staff will need to work with County IT to ensure that the new system has the needed project management and costing capabilities.

Accomplishments

The following recommendations were fully or partially implemented.

Contracting Process

Audit Recommendation: Weatherization needed to improve the contracting processes to enable year-round work without three-month interruptions. The audit reported a delay in issuing work orders while waiting on finalized contracts. **Status:** *Implemented*

According to managers, there was no break in contracting or work orders issued this year. Management worked closely with the County Attorney and with Central Procurement and Contracts Administration to improve processes and eliminate months-long interruptions. Procedures were developed to ensure that this practice will continue in the future.

Spending allocation, capacity and staffing

Audit Recommendation: In order to effectively spend down all available funds, we suggested increasing their capacity by adding staff and having more contractors in order to maximize the ability to assign and complete work.

Status: *Implemented*

The audit reported that Weatherization had not been able to spend its full funding allocation, resulting in a loss of resources for Multnomah County and reducing funds available to the County in subsequent years. In FY07, Weatherization increased its capacity, succeeded in spending allocated funds, and asked the state for additional funds. Increased capacity has been accomplished due to the following:

- Weatherization made staffing changes and added a new weatherization inspector.
- Contract weatherization auditors and additional specialty contractors were added.
- The multi-family program developed, increasing the ability to use certain types of funds.

To comply with audit recommendations, Weatherization investigated the possibility of County-operated work crews and determined that liability issues and cost-effectiveness make the change unrealistic at this time.

Goals and strategies

Audit Recommendation: Weatherization needed to clarify its goals and develop strategies to meet those goals; focus its resources on the neediest people, and more actively recruit low-income households and manage the client waiting list based on its goals. **Status:** *Partially implemented*

After the audit, Weatherization managers developed the following program goals:

- operate in compliance with all regulations, utilizing all available resources to fullest extent;
- seek greatest long-term benefit to the community through the highest return on the County's investment;
- prioritize services to those households that are in line with other County/Department priorities; and
- utilize new or innovative practices, where possible, in order to achieve goals.

Prioritization of clients

Clients continue to be served on a first come, first served basis, with priority given to emergency situations. Although Weatherization staff developed a 'service matrix' for prioritizing clients based on program goals and client need, it has not been implemented. Managers said that the matrix will be incorporated into the new project management system which is still under development. Weatherization staff are planning to work with the current database programmer to apply the service matrix and prioritize the existing wait list. We recommend implementation of the service matrix and monitoring to determine how the matrix can best be used to serve program goals.

Recruitment Strategy

The audit reported that to better address the unmet needs of eligible households, Weatherization should focus its limited resources on the neediest people. The audit recommended active recruitment of low-income households based on program goals.

Weatherization does not actively recruit participants. Currently, recruitment is limited to outreach efforts that are coordinated with other County programs and community-based organizations serving priority populations. While we understand that active recruitment may not meet current program goals, the strategy for targeting clients should be carefully monitored to ensure that the most vulnerable populations are being served. We recommend that Weatherization's recruitment strategy be re-evaluated periodically.

Areas Needing Further Attention

The following recommendations are in progress or have not been implemented.

Project Management

Audit Recommendation: Weatherization needed to improve project management practices to complete projects more efficiently, realign project management duties among staff, and use its project management system for file management and reporting. **Status:** *In progress*

More effort is needed to improve project management. The audit found a lack of systematic scheduling, inadequate planning, and an inability to fully use the project management system (Weatherization Computer Software Program). We reported that if project work was scheduled more systematically, staff could exercise more control over project planning, anticipate upcoming work, and determine resources needed to complete projects.

For each project, there may be several associated work orders involving different contractors and different funding sources. In many cases, work orders that could have been scheduled simultaneously were scheduled sequentially, adding time to project completion. Some improvements have been made by having technical staff help prioritize project tasks by identifying opportunities for simultaneous scheduling. However, file management is currently handled manually rather than electronically and little effort has been given to overall coordination of all the work in progress.

To operate at maximum efficiency, Weatherization needs to be able to use data to make decisions about day-to-day operations. Management expects to see changes in this area once the new project management system is fully implemented. In addition to benefits provided by a new project management system, Weatherization could also consider modifying a current position to include project management responsibilities.

Weatherization recently added a new supervisory position, shared with the Energy Assistance Program. This position may be able to address project management practices and improve workflow procedures.

Improve costing reports

Audit Recommendation: Weatherization needed to improve costing reports and verify financial cost data to SAP data. **Status:** *Not implemented*

Although staff have developed a set of controls to verify that invoices have been accurately entered into SAP, they do not reconcile cost reports from the subsidiary system to SAP. We would expect the new database to include reporting capabilities that will streamline the verification process and address concerns about tracking cost information and as well as provide other useful reporting functions.

New Program database

Audit Recommendation: Weatherization needed to put the computer system--Weatherization Computer Software Program--on a secure and stable platform. **Status:** *In progress*

Weatherization is working with County IT to develop a new, more stable database system that will replace the current Paradox database. Weatherization expects the system to be available for use at the end of this fiscal year, a delay of six months. Because of the size and complexity of the computer program, the database system is critical to daily operations. Weatherization relies on the system to store information and run calculations from project initiation through contractor assignment and billing. The system is also used to identify the lowest bidder for a particular job and monitor the number and status of jobs assigned to each contractor; both essential to ensuring Weatherization is in legal compliance.

As work on the new system progresses, it is critical that Weatherization staff are involved in its development to ensure the new system has the full functionality of the old system and meets the needs of the organization. It is important that staff are able to run reports and trained to use the database as a management tool.

Follow-up Scope and Methodology

We followed up on all recommendations made in the 2006 Weatherization Program audit. We interviewed managers, reviewed reports, examined program data and budgets, and reviewed education materials and the state-mandated work plan. We performed this follow-up in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Response to Audit Follow-Up report

M E M O R A N D U M

TO: LaVonne Griffin-Valade, Auditor
Multnomah County

FROM: Joanne Fuller, MSW, Director
Department of County Human Services

SUBJECT: Weatherization Program Audit Follow Up Response

DATE: February 25, 2008

Thank you for the opportunity to review the follow up report to the May 2006 Weatherization Program audit. The Department appreciates the acknowledgement of our efforts to date to implement recommended program improvements.

As the follow up report states, there are some remaining recommendations still to be fully implemented. Almost all of these involve the completion of the new database. Our work with IT throughout the past year has been a productive one. We remain confident that the program will be able to implement the new database on or about July 1, 2008. With that implementation, we expect to be able to implement planned service prioritization and work flow management processes. We're excited by the potential to have critical program information on a secure and stable platform while being better able to access that information for the purposes of program management.

Finally, the Department will continue to work on the issues of fiscal verification and project management. Having determined that SAP could not be utilized more fully as a component of the database, once the new database is functional we will explore the potential for connectivity between the two systems. And, we will begin the process of examining a reclassification of the current Office Assistant III position to allow for greater technical knowledge and expertise to assist with project management.

The Weatherization Program is an important component of the County's anti-poverty efforts. It provides immediate relief from unsafe living conditions for low and fixed income households and ensures the long-term viability of existing affordable housing. In addition, it returns to our local economy \$1.78 for every dollar spent on services. Any efforts to improve the efficiency and effectiveness of the Program only increase the value to the community.

Thank you again for the audit recommendations and this follow up report. If you have any other questions or need further information, please don't hesitate to contact me.

C: Mary Li, SCP – Community Services Division Manager