



KING COUNTY AUDITOR'S OFFICE

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Foundational Elements of Department Management: Essential Tools and Audit Criteria

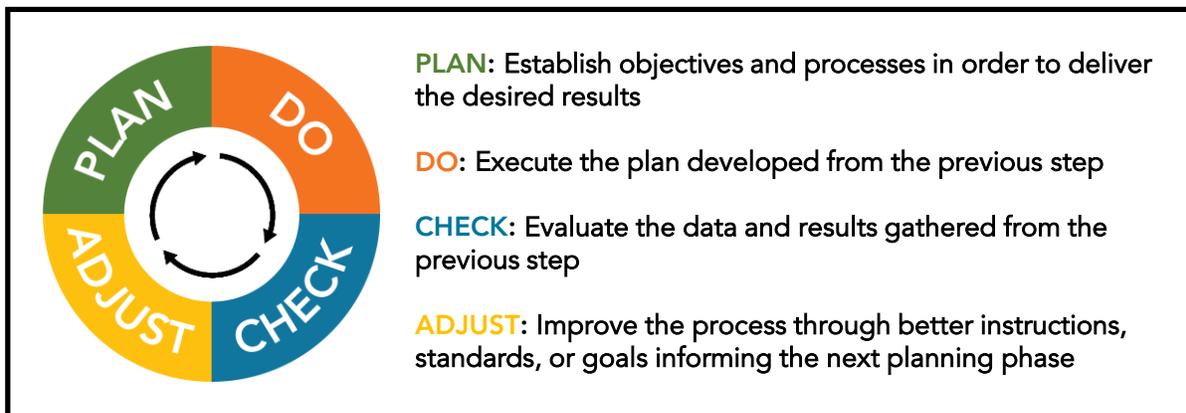
This technical paper describes core components of effective organizational management. These are the foundational parts of a system of management that allows leadership to plan and conduct its work and achieve desired results. When we perform our audit work, the King County Auditor's Office will look to these management components, among others, to evaluate a department, office, agency, or unit's activities¹. If agencies lack these components at the time of an audit, deficiencies could form the basis for audit findings and recommendations. Audits will not be limited to reviewing these components. Rather, the King County Auditor's Office will use this document as initial criteria for assessing the effectiveness of operations.

This paper references some practices already included in King County Code and in other county guidance. It also builds on these existing practices to help managers achieve their department's objectives.

The PDCA Cycle

The Plan-Do-Check-Adjust (PDCA) cycle, incorporated in the King County Management Model, is an established method for continuous improvement. This technical paper will use the PDCA cycle as a framework to categorize the specific deliverables expected in a management system².

The PDCA cycle has four iterative steps:

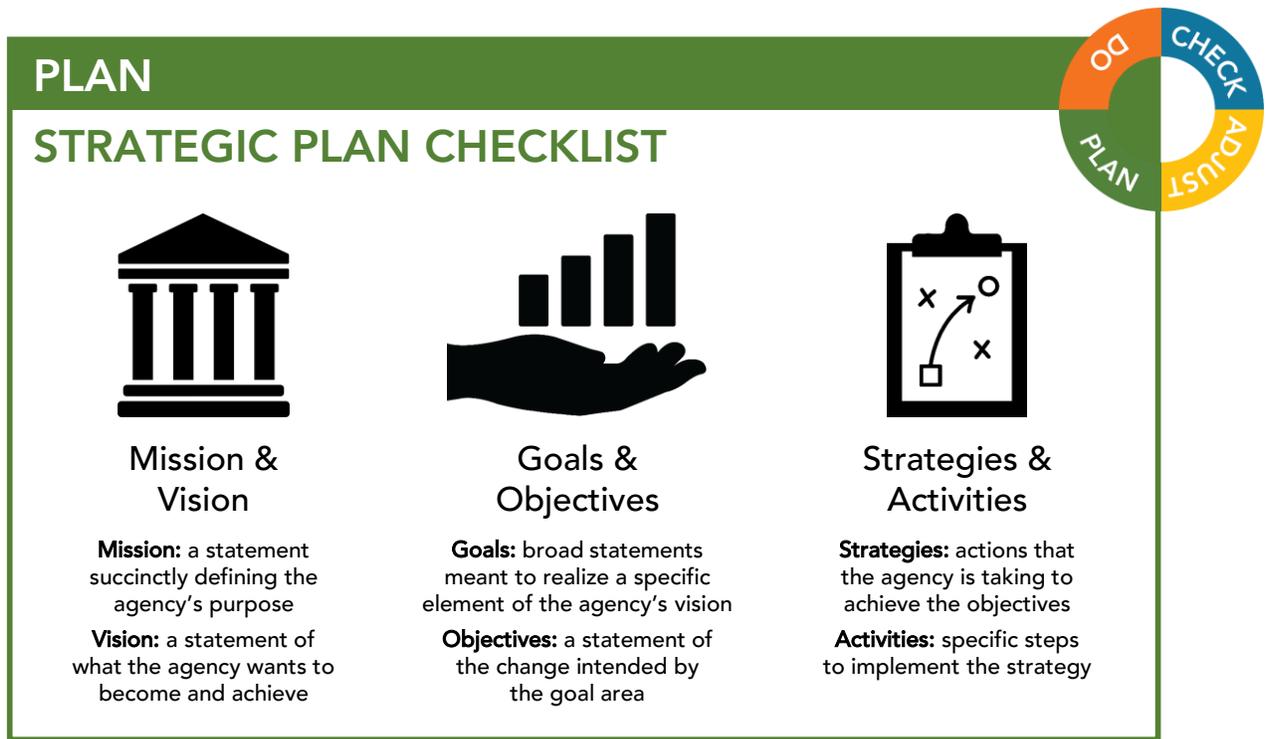


Source: King County Auditor's Office

¹ For the purpose of this technical paper the word "department" will be used to mean departments, elected offices, and other county organizational units.

² The key components of effective management listed in the PDCA cycle are also elements outlined in the *Standards for Internal Control in the Federal Government*, standards that the Auditor's Office must evaluate in audit work.

The Planning Phase



Source: King County Auditor's Office

The PDCA cycle begins when department leadership identifies a plan for what the organization should achieve and how it will accomplish it: A Strategic Plan. A strategic plan defines key planning components (mission, vision, goals, objectives, strategies, and activities) into a logical framework for leadership's management of its department's work. A comprehensive strategic plan sets the destination for the department and establishes the direction and method for getting there.

All King County functions should have all of the fundamental strategic plan components. Under King County Code,³ agencies—including Executive branch and separately-elected offices—are responsible for developing a mission and vision, as well as goals, objectives, strategies, and activities. In turn, these components drive the department business planning process. This paper addresses all of these elements of strategic planning.

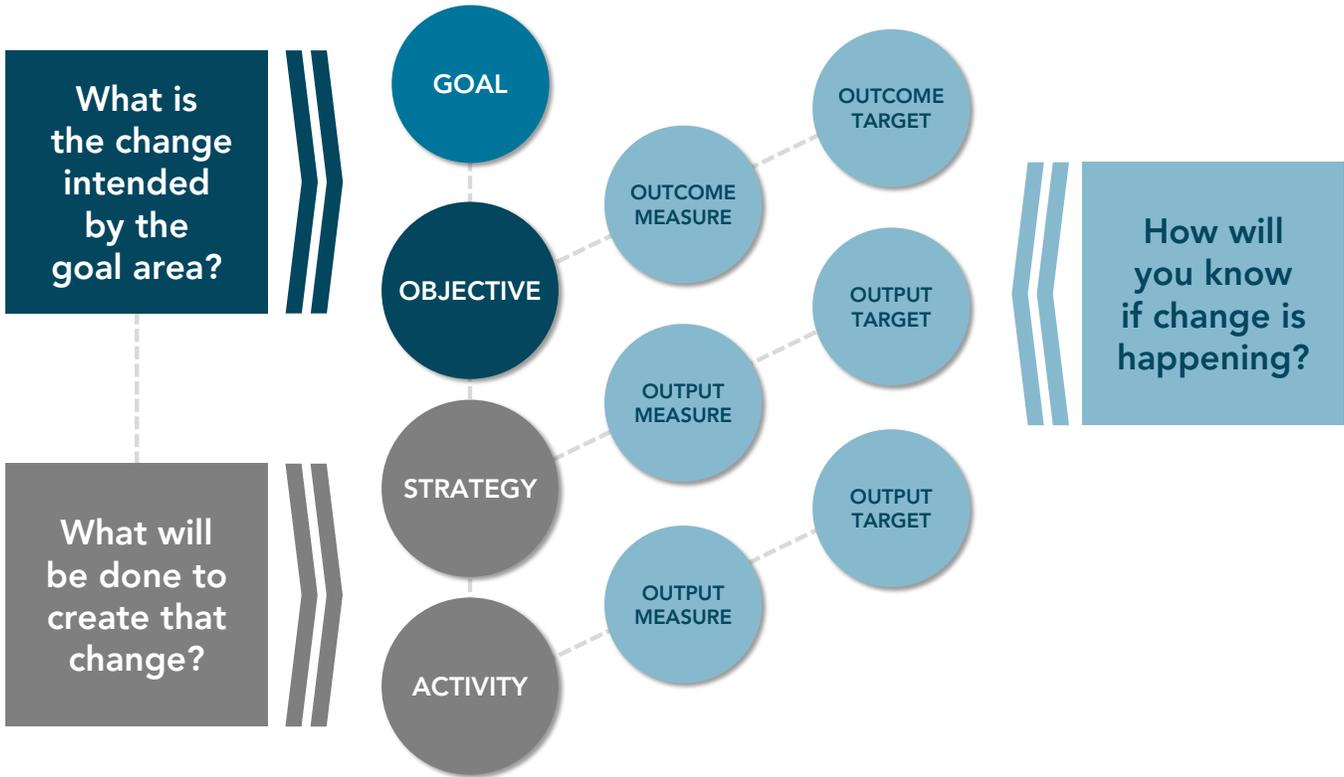
MISSION AND VISION

A strategic plan must include a mission and vision that encompasses the department's work. County code defines a "mission" as a "statement that identifies the department's purpose or reason for existing that will guide its actions and strategies in the achievement of its vision." Similarly, a "vision" is a "statement that identifies what the department strives to be in the future through the achievement of its goals and objectives." A simple way to think of mission and vision is as a description of what the department currently does and what it would like to do.

³ KCC 2.10.034; KCC 2.10.14 *et seq.*

GOAL AREA PLANNING

Departments should develop the implementation steps—goals, objectives, strategies, and activities—as part of the strategic planning process. As summarized in the image below, goals and objectives interrelate with strategies and activities to achieve the organizational change imagined in the strategic plan vision.⁴ These elements feed into measures which are more fully discussed in the “Check” section (see page 7).



Source: King County Auditor's Office

GOALS AND OBJECTIVES

Goals and objectives actualize the department's mission and vision in specific directions. They allow department leadership to set definitive aims for the organization to achieve. Under county code, "goals" are "statements of direction, purpose, or intent that describe the future state or result to be achieved," while "objectives" provide the "specific, measurable, results stated to achieve a goal."

STRATEGIES AND ACTIVITIES

Strategies and activities actualize the goals and objectives of the organization through tangible actions. Strategies are the actions that describe the pathway to achieve the objective, and activities are specific steps to implement the strategy.

⁴ KCC 2.10.14 *et seq.*; See also [Goal Planning: Key Elements of a Performance Management Framework](#), King County Auditor's Office, June 2016. It addresses these elements in more detail.



GOAL AREA PLANNING EXAMPLES

GOALS	OBJECTIVES	STRATEGY	ACTIVITY
Describe the results to be accomplished by the agency over the duration of the strategic plan to reach its vision. "Promote a culture of excellence that is responsive to King County residents' needs."	State what is expected to change as part of a goal, and often include actions. "By 2021, improve our customer service in order to effectively respond to our customers' issues."	Describe the pathway to achieve the objective. "Address customer complaints in a timely and effective manner."	Outline specific steps to implement the strategy. "Develop a complaint-response program within the department."

Source: King County Auditor's Office

After strategic planning and its component parts are in place, the direction is set for the next step: taking action, or "Do."

The Action or "Do" Phase

DO

IMPLEMENTATION CHECKLIST



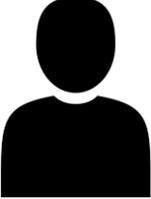
Organizational Structure

with description of staff roles, developed with organizational goals in mind



Policies & Procedures

addressing the breadth of work performed, and aligned with organizational goals and risks



Staffing Program

encompassing recruitment, training, performance, and retention

Source: King County Auditor's Office

This stage of the PDCA cycle actualizes the strategic plan. Department leadership needs to make sure that the organizational structure, skills, and direction align with the strategic plan. Doing so requires an appropriate organizational structure, designated responsibilities, policies, procedures, techniques, and mechanisms to enforce planned activities. Each of these items, in turn, requires some method to ensure it gets accomplished. The level of formality and detail of these varies with the nature of each activity, but department leadership should be able to address the key elements central to an activity's success. Activities without clear roles or policies raise red flags, especially when they comprise a significant amount of an organization's work.

ORGANIZATIONAL STRUCTURE

Department leadership should establish an organizational structure that helps it meet its goals. A well-designed organizational structure allows department leadership to execute and assess the agency's objectives. There are several actions leadership can take to make sure its organizational structure is designed to help meet department goals:

1. **Design work units with goals in mind:** The department should have work groups and responsibilities within this structure that are designed so that work groups can efficiently and effectively contribute to goals.
2. **Establish clear reporting lines:** The organizational structure should have clear reporting lines so that department leadership can assess work group performance and can communicate across the organization and with stakeholders outside the department.
3. **Revisit the structure:** Department leadership should evaluate and revisit the organizational structure periodically, potentially as strategic planning is updated, to more effectively fulfill department responsibilities. This is particularly important if there are significant changes to the department's goals or circumstances.

POLICIES AND PROCEDURES

Department leadership should design policies, procedures, and other guidance that show how the department furthers its goals. These are the tools that define staff and group responsibilities and authority, as well as the processes they should follow. There are several important actions leadership can take to make sure its policies and procedures are designed to help meet department goals.

1. **Ensure guidance is aligned with objectives:** Policies and procedures should help the department meet its objectives. A department with an objective to improve customer service may have policies setting responsibilities in a complaint response program and procedures that guide how complaint response should be conducted.
2. **Ensure guidance addresses ongoing risks:** Policies and procedures should address ongoing risks. A department that collects personally identifiable information from residents may have policies that establish what information must be protected and procedures that guide how staff secures this information.
3. **Communicate guidance to relevant staff:** Department leadership should communicate policies and procedures to relevant staff so that they are aware of established processes. If guidance is well designed but staff is unaware of it, it does not help the department achieve its objectives or address ongoing risks.

4. **Design procedures at the right organizational level:** Although there may be broad policies that apply to all work units, more detailed procedures are often needed for specific roles. With guidance from and approval by department leadership, individual units may develop their own procedures, that provide the level of detail needed for specific roles.
5. **Assign responsibility for key actions:** Policies and procedures should clearly designate responsibilities for key actions. Supervisors may delegate responsibilities to staff but must be accountable for work they supervise.
6. **Review policies periodically:** Department leadership should periodically review policies and procedures to ensure that they are still relevant and effective. Department leadership should also revisit relevant policies and procedures when there are significant changes to larger organizational processes or priorities.

EMPLOYEE COMPETENCE

Effective leaders ensure they have staff with the skills needed to achieve department goals. There are several important actions department leadership can take to make sure it has the competent personnel it needs.

- **Ensure employee competency:** Department leadership must understand the knowledge and skills needed to fulfill department functions. This is can be particularly important for people in key roles such as senior management positions. While competence in roles may initially be judged based on professional experience, it should later be assessed based on the staff members' effectiveness in carrying out their responsibilities.
- **Recruit effectively:** Department leadership should have processes for hiring staff capable of fulfilling department roles. This includes both processes for identifying applicants, as well as for deciding who to ultimately hire. These processes may be detailed in policies and procedures.
- **Train effectively:** Department leadership should determine the skills staff needs to fulfill its roles and establish a training program that equips staff with these skills. Training should be tailored to meet the needs of each role. While training may be influenced by emerging needs, ad hoc trainings should complement an intentionally-designed and comprehensive program.
- **Manage staff performance:** Department leadership should provide staff with feedback on its performance so that it can further develop strengths and address weaknesses. Feedback should be based on established performance standards and expectations.
- **Retain staff:** Department leadership should make efforts to retain strong employees so that they can continue to help the organization further its goals. Through retention efforts such as training and credentialing, department leadership can help reduce loss of important organizational knowledge and skills due to employee turnover.



IMPLEMENTATION EXAMPLES

ORGANIZATIONAL STRUCTURE	POLICIES & PROCEDURES	EMPLOYEE COMPETENCE
<p>"Create complaint response program in customer service unit."</p> <p>"Unit leads will report performance and work to department central management."</p>	<p>"The complaint response unit has the following procedures for intake of customer complaint calls..."</p>	<p>"Hire employees with prior experience leading customer support."</p> <p>"Train unit employees on positive customer service skills."</p> <p>"Annual employee performance reviews with supervisor."</p>

Source: King County Auditor's Office

When activities that flow from the department strategic plan are in place, it sets the stage for the next step: assessing performance, or "Check."

The Performance Assessment or "Check" Phase



CHECK

PERFORMANCE METRICS CHECKLIST

First, identify output and outcome measures based on your strategic plan. Then:



Collect reliable data



Evaluate results against goals



Identify areas for improvement

Source: King County Auditor's Office

This stage of the PDCA cycle compares what the department has *done* with what it *planned* to do. Showing this difference allows leadership to assess whether it is achieving its goals and to pinpoint deficiencies in the current approach. To determine this, departments should use performance measures. Department leadership should follow a series of steps to identify appropriate performance measures.

IDENTIFY MEASURES

Department leadership should identify performance measures based on the objectives, strategies, and activities established in the strategic planning process. Department leadership should ensure it has appropriate measures at the unit and/or the individual level, as measures monitor performance relative to procedural expectations—also known as internal controls.

Performance measures should include both the measures and targets. Targets are the level of a measure that the entity wants to achieve. Measures are the values used to track the performance of goals, objectives, strategies, and activities, and fall into two categories:

- Outcome measures: track intended change under each objective
- Output measures: track actions, products, and processes for strategies or activities

Output measures can be more relevant to immediate decision-makers (e.g., managers), because they track the work performed. Although both types of measures are fundamentally necessary, when an audit evaluates a department's management framework, clearly identified output measures are often the focus.

In simple terms, an organization will likely not achieve the change it intends (outcomes) if it is not completing the amount of work it intends to (outputs); however, it may complete its work and still not achieve the change it intends.

COLLECT DATA

Effective performance measures should use relevant data from reliable sources. Therefore, department leadership should find or set up reliable and relevant data sources. To be relevant, data should be current and applicable to the goal, objective, strategy, or activity. Data is reliable if it is reasonably free from error and bias. Department leadership can use internal or external data sources.

EVALUATE AND COMMUNICATE

Department leadership should evaluate the performance measures to draw conclusions about organizational performance. It is important to set a baseline (the state of the performance measure at a specific point in time) that gauges the difference between the intended result and the current state. This supplies a point of comparison for future data collection. Department leadership should periodically share the results of the performance measurement within the organization and with relevant external parties—through quarterly performance reports, for example.

IDENTIFY AREAS FOR IMPROVEMENT

Department leadership should use the performance measure analysis to show areas for improvement. By measuring the gaps between what an organization wants to do, what the organization has accomplished

in the past, and what the organization is currently accomplishing, department leadership will have the necessary information to take the final step of the PDCA cycle.



PERFORMANCE METRICS EXAMPLES

MEASUREMENTS	DATA COLLECTION	DATA EVALUATION & SHARING	IDENTIFY AREAS FOR IMPROVEMENT
<p>OUTPUT MEASURE: "90% of complaints addressed within 5 business days."</p> <p>OUTCOME MEASURE: "90% of complainants reporting satisfaction with the resolution of their complaint."</p>	<p>"Call and email intake timestamps, follow-up surveys with participants at close of complaint."</p>	<p>"Develop graphics and share results in annual newsletter."</p>	<p>"The number of unsatisfied complainants is 50% higher for complaints made through the after-hours hotline."</p>

Source: King County Auditor's Office

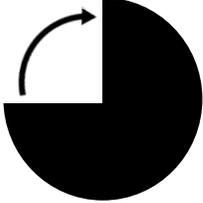
Performance measures provide the basis for the next step in the process, fine-tuning the department's activities to meet goals.

The Adjustment Phase

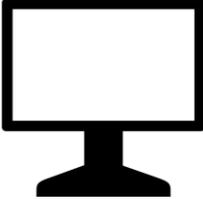


ADJUST

PROCESS IMPROVEMENT CHECKLIST



Identify changes that will address gaps in performance



Document how performance monitoring informs process changes

Source: King County Auditor's Office

The final step in the PDCA cycle addresses process improvement by adjusting practices to better achieve the organization's goals. This step uses the information from the prior steps to develop solutions for areas that could be improved. Department leadership should have an internal process for evaluating, documenting, and acting to address issues identified in the previous PDCA steps.

CHANGE ORGANIZATIONAL PRACTICES

Department leadership should explore the potential causes of performance gaps to determine where changes are needed. For example, along with policies and procedures—or as part of them—department leadership should be able to incorporate staff feedback so problems and gaps can be addressed and improved. Soliciting and providing opportunities for input is a key element of an internal control system. Similar efforts, such as lean process events, can help identify improvements.

INFORMING FUTURE PLANNING

Department leadership should document how performance monitoring informs current processes and future planning. It should be able to articulate how its evaluation process informs its consideration of procedural changes, new or different performance measures, and ultimately new strategic plan goals, objectives, strategies, and activities.



PROCESS IMPROVEMENT EXAMPLES

ADJUST ORGANIZATIONAL PRACTICES	INFORM FUTURE PLANNING
<p>“Change starting time for customer response meetings to increase options outside of regular business hours.”</p>	<p>“Reallocate resources to increase the number of Spanish-speaking customer response specialists available on weekends.”</p>

Source: King County Auditor's Office

Essential Organizational Tools Checklist

Complete the checklist for each element in the *Plan, Do, Check, Adjust* cycle.

PLAN: STRATEGIC PLAN

- Mission and vision**
- Goals and objectives**
- Strategies and activities**

DO: IMPLEMENTATION

- Organizational chart** including roles and job functions
- Policies and procedures**
- Staffing program**

CHECK: PERFORMANCE METRICS

- Define performance measures** including output and outcome measures
- Document data collection process**
- Document data evaluation and reporting**

ADJUST: PROCESS IMPROVEMENT

- Identify process changes**—assessment of issues and potential improvements
- Future planning guidance**—documentation of issues for future consideration and strategic planning

List of Sources

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