

Agency Performance and Accountability Commission

“Macro Recommendations” by APAC Commissioners

Submitted to: Governor

Senate President Pro Tem

House Speaker

Subject: Macro Recommendations from APAC

Date: February 11, 2019

Over the course of the last 10 months, the nine commissioners serving on the Agency Performance and Accountability Commission (“APAC”) have interacted extensively with the four consulting firms selected to assist the APAC in its performance of the mandated performance audits on six Oklahoma agencies. Through use of “liaisons” assigned to each audit, commissioners have similarly interacted with numerous directors, managers and employees in the six agencies.

In the course of our work we, as an appointed group of nine private sector business owners and managers, have identified five critical, overarching observations that apply to all six agencies (and presumably to many other state agencies), which we respectfully submit here as “**Macro Recommendations**”. These Recommendations are in addition to the slate of APAC recommendations already delivered to you.

All five Macro Recommendations spring from two sources: (1) Information mentioned or discussed in the six reports provided to the APAC by the consultants, and (2) The collective experiences of all nine APAC Commissioners whose backgrounds range from the energy

industry to the legal world to medicine to venture capital to agriculture. We submit them as Macro Recommendations on the belief that they are essential to the success and efficient management of virtually every enterprise of any size – private companies or state agencies.

APAC Macro Recommendation No. 1: Authority and Responsibility

As commissioners, we find it unrealistic to expect significant improvements in agency performance outcomes if state agencies are not operating in sync with strategic initiatives established by the Executive Branch, in consultation with agency heads, and under a clearly defined line of authority to the Governor. The Legislature will exercise its influence on Governor-initiated strategic initiatives through the budget and appropriations process.

Numerous Oklahoma agencies now serve under boards and commissions, with limited or no authority or responsibility traceable to the Governor's office and with no direct accountability to the public. It is our opinion that if significant outcome improvements are to be achieved, agency performances must be measured against well-defined performance goals that reflect the Governor's strategic agenda and are established by the Governor in collaboration with agency heads.

APAC's recommendation is to restructure the governance of most if not all state agencies to align agency operating authority under the Executive Branch.

Under this realignment, and with collaboratively developed performance metrics in place, management and performance outcomes in the agencies can then be effectively monitored and those outcomes can be expected to improve significantly. The introduction of direct

accountability to the public through governors elected by the public should lead to increased performance of the agencies' missions.

APAC Macro Recommendation No. 2: Performance Based Budgeting

Several of the performance auditors suggested the use of Performance Based Budgeting ("PBB") for Oklahoma agencies going forward. While only three states currently identify PBB as their primary budgeting approach, 25 states including Oklahoma identify it as a secondary approach. Although still a "work in progress" Oklahoma is heading down the right path toward full PBB via the Program Performance Budgeting and Accountability Act.

The business minds represented on the APAC Commission strongly support the notion that state agencies need to be fully funded and supported to achieve well defined goals, and that the measurement of performance against those goals should be a primary element in the year-to-year budgeting and appropriations process. Performance Based Budgeting is a proven managerial tool, and its full adoption by Oklahoma should greatly improve outcomes in all agencies.

APAC recommends accelerated and full adoption of Performance Based Budgeting in all agencies.

APAC Macro Recommendation No. 3: Agency Metrics

The APAC Commissioners observed an underemphasized and/or underutilized use of performance metrics in many of the agency management practices. In order for any operation to gage and monitor its degree of success in achieving its mandated delivery of services, it is essential to have a slate of metrics that can assist management in regular, frequent measurement of how well an agency is meeting its operating goals.

Although this recommendation is closely aligned with No. 2 above, whether Performance Based Budgeting is adopted by Oklahoma or not, agencies still need to have performance metrics in place to guide managers in meeting agency goals.

APAC commissioners recommend that every agency develop (or if already in place to review and enhance) performance metrics for use by agency heads and managers to measure progress and success.

APAC Macro Recommendation No. 4: Quarterly Reports

Tied into Recommendation Nos. 2 and 3 above, APAC commissioners recommend that all agency heads make a brief report quarterly to APAC on progress toward strategic and operating goals and on the implementation of the APAC Recommendations. For emphasis we offer this recommendation as a separate one from Nos. 2 and 3 to highlight the importance of regular monitoring and reporting, for the benefit of everyone involved in agency management, for the Executive branch where the ultimate responsibility should be vested, and for transparency with the taxpaying public. These quarterly reviews need not be overly detailed – just a factually based read of how the agency is performing.

APAC Commissioners recommend quarterly reporting by Agency heads to APAC on agency progress in summary form, showing performance against a pre-established set of metrics and on the APAC Recommendations.

APAC Macro Recommendation No. 5: Information Technology and Security

Most if not all of the six performance audit reports made references to the need to upgrade or replace existing information technology systems and practices. APAC Commissioners can sympathize with this observation, as many of us struggle with finding

the “right fit” and most cost effective IT systems for our businesses. Realizing that significant time and effort has already been devoted to the most effective use of IT in state agencies, it nonetheless appears to us that an overarching and comprehensive, well designed IT plan for State government remains a critical need if we are to achieve optimal performance in Oklahoma’s government agencies.

APAC Commissioners recommend conducting a thorough review by qualified professionals of the IT systems serving all agencies, and the development of a comprehensive IT plan for our state government to be implemented over 3-5 years. We feel that a stand-alone, centralized IT office or agency would be appropriate so that planning, implementation and management responsibilities can be isolated and overseen.

Done properly, the commitment of the required up-front investment of time and money should yield efficiencies and performance improvements that will benefit Oklahoma taxpayers for years to come.

Included in this recommendation is a growing concern over cyber security breaches and related security risks. State government is in the business of providing needed services to taxpayers. In fulfilling that obligation, it is imperative that all possible cyber related safeguards be taken to protect our citizens as such services are being managed and delivered. This responsibility should be housed and managed in the above referenced stand-alone IT operation with a highly qualified manager as its head.

Respectfully Submitted On Behalf of All APAC Commissioners,



Robert J. Sullivan, Jr.
APAC Chair



John O'Connor
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cc:

House of Representatives Staff
for posting on the websites.