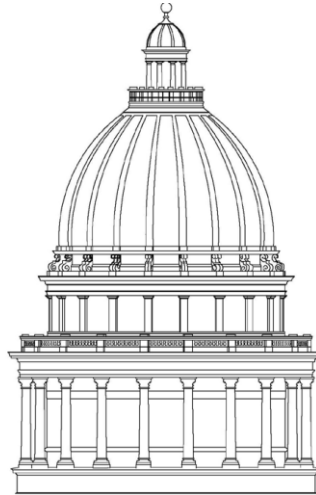


REPORT TO THE
UTAH LEGISLATURE

Number 2015-02



**A Performance Audit of DWS
Customer Service and Follow-Up**

May 5, 2015

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah



STATE OF UTAH

Office of the Legislative Auditor General

315 HOUSE BUILDING • PO BOX 145315 • SALT LAKE CITY, UT 84114-5315
(801) 538-1033 • FAX (801) 538-1063

Audit Subcommittee of the Legislative Management Committee

President Wayne L. Niederhauser, Co-Chair • Speaker Gregory H. Hughes, Co-Chair
Senator Gene Davis • Representative Brian S. King

JOHN M. SCHAFF, CIA
AUDITOR GENERAL

May 5, 2015

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report, **A Performance Audit of DWS Customer Service and Follow-Up** (Report #2015-02). A digest is found on the blue pages located at the front of the report. The objectives and scope of the audit are explained in the Introduction.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

A handwritten signature in black ink that reads "John M. Schaff" with a stylized flourish at the end.

John M. Schaff, CIA
Auditor General

JMS/lm

Digest of a Performance Audit of DWS Customer Service and Follow-Up

Chapter I Introduction

The Department of Workforce Services (DWS or department) provides eligibility and employment services to Utahns in need of assistance. Customer service is a major element of providing these services. This reports seeks to verify that DWS is providing effective services to its customers. In addition, the report follows up on recommendations from *Report 2013-13 A Performance Audit of the Workforce Services Work Environment*.

The audit, which focuses mainly on the Eligibility Services Division (ESD), sought to answer the following questions:

- Does DWS respond appropriately to customer service complaints?
- Does DWS monitor customer service and make efforts to improve it?
- Has DWS adequately acted on recommendations from Report 2013-13?

Chapter II DWS Reasonably Monitors and Improves Customer Service

DWS Reasonably Responds to Customer Service Complaints. DWS has an acceptable complaint rate of 0.02 percent per customer contact. The rate only includes complaints that are not resolved directly by staff and are referred to a constituent affairs specialist to ensure that all complaints are addressed. DWS tracks and monitors these complaints to determine whether there are systemic concerns. Our review of these complaints and their responses found no such programmatic concerns.

DWS Monitors Four Metrics to Determine Customer Satisfaction. The results of all four metrics ESD used to determine customer satisfaction levels are within acceptable parameters. These metrics are days to decision, phone wait time, decision accuracy, and professional and responsive customer interactions. In addition, the division is taking steps to further improve its performance in these areas.

Chapter III

DWS Is Acting on Previous Audit Recommendations

DWS Implemented 13 of 14 Recommendations. Over the past 14 months, DWS has instituted numerous changes to address the audit findings and recommendations, although the elimination of potential bias in case reviews is still in process. Some major changes include:

- The elimination of the Pay-for-Performance (PFP) program
- The creation of a quarterly, team-based performance incentive program to replace PFP
- Development of a sampling methodology that ensures case workers' decision reviews are equitable and statistically valid
- System and policy changes that begin to address potential case review selection bias
- Increased emphasis on tracking the rate of change

DWS Continues the Process of Addressing Potential Selection Bias from Case Reviews. One recommendation, regarding the review process, is still being implemented. The recommendation was based on concerns, expressed in the 2013 audit, that members of the Performance Review Team (PRT) selected cases to review based on the number of client support programs (food stamps, financial assistance, childcare, medical) associated with the case. Management will soon have a tool that will allow it to identify some cases of possible selection bias. Another potential source of bias cannot be removed at this time due to technological restrictions.

REPORT TO THE UTAH LEGISLATURE

Report No. 2015-02

A Performance Audit of DWS Customer Service and Follow-Up

May 2015

Audit Performed By:

Audit Manager	Tim Osterstock
Audit Supervisor	Leah Blevins
Audit Staff	Hillary Galvin

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Chapter I

Introduction

The majority of the activities of the Department of Workforce Services (DWS or department) involve interacting with the public. As a result, customer service is one of the department's main concerns. In fact, one of DWS's four operational cornerstones is "exceptional customer service." The level of customer service achieved by DWS is directly affected by its operational programs and those programs' delivery by the department's staff. Chapter II of this audit addresses how well DWS is meeting its customer service mission.

In addition, this audit follows up on the past performance audit from this office¹ that found an "atmosphere of frustration and unrest among past and present employees who voiced concerns to various legislators." That report included 14 recommendations. Chapter III of this report contains a follow-up to that audit, and finds that the department has implemented essentially all of the recommendations.

Audit Focuses on ESD

This follow-up and limited review of DWS focuses on the Eligibility Services Division (ESD) for several reasons. First, the majority of the concerns expressed in the original audit were centered on ESD. Thus, much of the follow-up portion of this audit is also focused on ESD. Additional areas of concern, contained in the new audit request, focused on customer service in ESD as well. In the interest of time, our subcommittee opted to combine the follow-up with the new request concerning customer service.

Second, this audit focuses on ESD because of the amount of time and energy spent by DWS on customer interaction in eligibility determination. ESD employees spent an aggregate of about 200,000 man hours (the equivalent of 102 full time employees) answering phones and responding to customers over the phone. This time was used to cover 1.8 million total customer contacts in 2014. The majority of the concerns presented to us focused on these telephone

¹ A Performance Audit of the Department of Workforce Services Work Environment (2013-13)

The original audit and subsequent request regarding customer service both focused on Eligibility Services.

contacts which are the public's main point of interaction with the division.

Finally, during the survey portion of this audit, we reviewed the Workforce Development Division's (WDD) customer service policies, procedures, and initiatives. WDD is in the midst of a three-year, comprehensive customer service study funded by a federal grant. This study is gathering direct customer feedback, through surveys and focus groups, to make improvements to the job-seeker system. Because this study is in process, we did not feel it was worthwhile to conduct our own evaluation at this time.

Audit Scope and Objectives

This audit was requested to address concerns with the customer service offered by DWS and to follow up on the recommendations in the 2013 audit report. We examined the potential areas of concern and narrowed them down to the following report objectives:

- Does the Department of Workforce Services respond appropriately to customer service complaints?
- Does the Department of Workforce Services monitor customer service and make efforts to improve it?
- Has the Department of Workforce Services adequately acted on recommendations from Report 2013-13?

Chapter II

DWS Reasonably Monitors and Improves Customer Service

The Department of Workforce Services (DWS or department) has programs in place to handle its already low complaint rate within the Eligibility Services Division (ESD or division). Customer complaints are dealt with either through the hierarchy of caseworker to supervisor to manager, or through referral to a constituent affairs specialist. Additionally, the division has above acceptable performance in four measured areas of customer service: days to decision, phone wait time, decision accuracy, and respectful and responsive customer interactions.

DWS Reasonably Responds to Customer Service Complaints

DWS has an acceptable complaint rate of 0.02 percent per customer contact. The rate only includes complaints that are not resolved directly by staff and are referred to a constituent affairs specialist to ensure that all complaints are addressed. DWS tracks and monitors these complaints to determine whether there are systemic, programmatic concerns. Our review found no such concerns.

Rate of Documented Complaints Is Less Than One Percent

ESD's rate of complaint per customer contact is 0.02 percent, or 416 complaints to 1.8 million total customer contacts.² While no contacted peer states could provide a comparable measurement, 0.02 percent appears to be an acceptably low level of complaints per customer contact. A private industry consultant reports 0.1 percent and lower are acceptable rates.

Not all complaints rise to the level tracked in this statistic. If a customer has a complaint while on the phone with a caseworker, the customer's call is referred to a supervisor. If the customer is still not satisfied, the call rises to the manager, and then to the constituent

² This number represents eighty percent of the 2014 complaints. The other 20 percent come from the rest of DWS.

Most customer complaints can be handled within the ESD hierarchy.

affairs specialist.³ The complaints that do not progress to the level of the constituent affairs specialist are considered resolved through a continuation of service.⁴

The majority of complaints received are concerned with the application and/or review process. We examined a sample of these complaints and it appears that these complaints are varied, and not the result of any systemic problems. The tracked outcome of these concerns varied from “policy clarified” to “benefits issued.” They did not appear to constitute system-wide concerns, and were dealt with, in real time, on a case by case basis.

DWS Constituent Affairs Specialist Benefits from a New Database

DWS employs a constituent affairs specialist whose duty is to “respond to constituents who wish to file a complaint against DWS, a DWS worker or program; and who is seeking resolution rather than filing a formal legal hearing or appeal.” In 2014, the department implemented a new database to track these complaints. The previous database was outdated and no longer met the department’s needs. Because of this new system, DWS is better able to track and monitor the types of complaints. In addition to resolving issues, the specialist is also charged with notifying managers, directors and/or the executive director’s office “if any noticeable trends are found.” The new database allows the specialist to monitor these trends more precisely.

When contacting peer states, we were not able to find any other who could confirm that they employ someone specifically to fulfill these duties. Utah’s creation of this position was meant to improve their customer service by “responding to and resolving high conflict conversations and service delivery breakdowns.”

Concerns and complaints that reach the constituent affairs specialist come from many sources. Customers call or email,⁵ concerns are referred internally, or they come through the Governor or a legislator. The new database also allows the sources to be tracked.

A new database allows the constituent affairs specialist to track complaints and identify trends.

³ This position will be discussed in more detail in the following section.

⁴ In addition, complainants can access the constituent affairs specialist at any level of concern they have. The specialist’s phone number and email are listed on the contact website.

⁵ The specialist’s contact information is listed on the DWS website.

DWS Monitors Four Metrics to Determine Customer Satisfaction

The results of all four metrics ESD uses to determine customer satisfaction levels are within acceptable parameters. These metrics are days to decision, phone wait time, decision accuracy, and professional and responsive customer interactions. In addition, the division is taking steps to further improve its performance in these areas.

ESD Days to Decision Are Within the Federal Requirements

ESD's timeliness metric, the average number of days to decision, is within the 30-day maximum set by the federal government for federal assistance programs. Given the complexity of a typical case, we feel that program averages are reasonable. In addition, management continues to explore options to further reduce the average days to decision.

Days to decision refers to the number of days taken to get from the day the application is received by DWS (day one) to the day the final decision is made by the case worker to approve or deny benefits and calculate the benefit amount (if necessary).

The process to approve or deny an application is complex, with numerous steps involved in making a determination. Typical applications take several days to process because the numerous decisions and steps result in a variety of different outcomes. Completion time variances between cases can be due to insufficient or non-standardized customer-provided information. Potential delays include:

- Customer-submitted electronic application lacks needed additional documentation or relies on hard copies that must be imaged into the system
- Customer's income needs to be verified from external sources
- Customer must submit additional verification information or respond to a request for an interview (when required by law)
- Customer submits paper application instead of completing online application

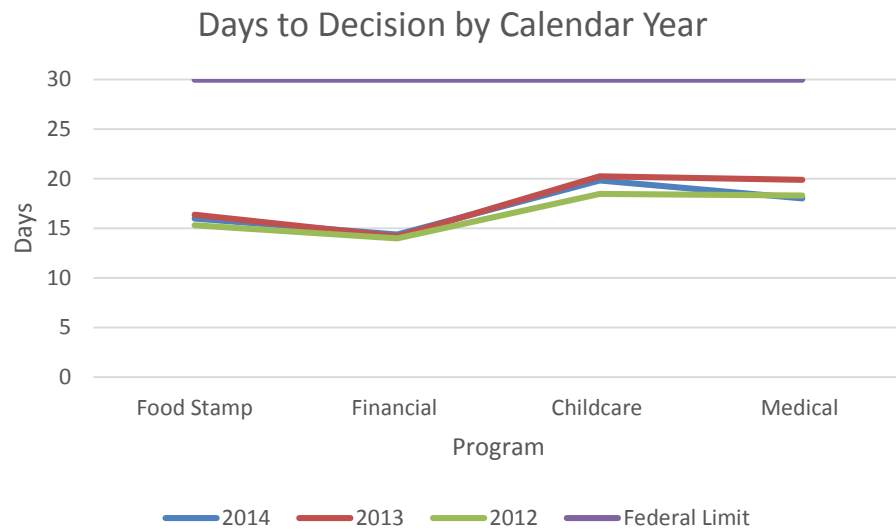
The decision to approve or deny benefits requires numerous steps that span several days.

Days to decision is measured for food stamps, financial assistance, childcare, and medical programs.

Most cases are also held for potential review for four hours or until the end of the workday. This hold for review is a vital factor in reducing payment and eligibility errors.

There are four main programs for which ESD makes eligibility determinations: food stamps, financial assistance, childcare, and medical programs (including CHIP, Medicaid, and long term care). Some programs require more documentation than others and thus, take longer for a decision to be made. The United States Department of Agriculture (USDA) and the Department of Health and Human Services (HHS) set federal requirements that food stamps should be issued and medical program decisions should be made within 30 days of the date of application. Childcare and financial assistance programs are also federal requirements, but they are funded through block grants, which gives DWS more administrative flexibility. However, the 30 day requirement for decisions still applies.

Figure 2.1 The Average Days to Decision in 2014 for All Programs Was 17. Utah is within federal standards for days to decision in all four programs.



Source: DWS

As shown in Figure 2.1, for 2014, ESD averaged 17.5 days to make eligibility decisions. Decisions for childcare and medical programs tend to take longer than decisions for food stamps and financial assistance. All four programs fall below the maximum of 30 days to decision.

While we were unable to compare Utah's average days to decision to any peer state because of incomparable program design, we reviewed data from USDA regarding food stamps. USDA ranks Utah 10th out of 53 states and territories for timely eligibility decisions. One peer state was able to provide us with its averages, but the numbers were not comparable because of its use of walk-in centers that allow applicants to be interviewed on-site and receive a decision within the same visit. Utah no longer uses walk-in centers as ESD's primary method for conducting business. It also holds applications for four hours or until the end of the workday, for potential review by Performance Review Team (PRT) staff.

Utah is 10th out of 53 states/territories in food stamps timeliness.

ESD continues to make efforts to decrease its average days to decision. The division is currently re-evaluating the types of documentation that the customer is required to provide, based on the specifics of his/her case. Management is also in the process of developing a methodology to better identify applications with no associated income. These applications should take less time to process because less documentation is required.

In addition to reducing unnecessary verifications, ESD management has and may continue to use reduction in the number of days to decision as a quarterly incentive goal for teams.⁶ Goals were team based and required to be reasonable and approved by management. In order for teams to receive their individual monetary incentives, they were required to reduce their average days to decision by the manager-approved amount.

We believe that ESD's average number of days to decision is reasonable. We encourage the division to continue seeking opportunities to decrease the average time to decision, while still striving to provide accurate, high-quality services.

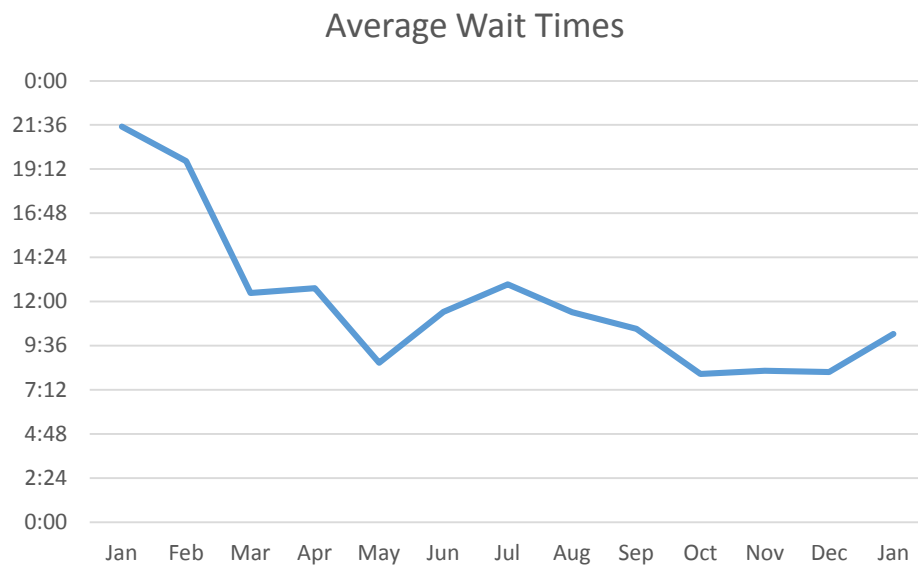
⁶ The quarterly incentive goal program replaced the pay-for-performance program that was examined in depth in the 2013 audit.

A new phone system should increase information reliability and aid in reducing customer wait times.

Unreliable Data Makes Phone Wait Time Comparisons Difficult

Until last year, the department's phone system was antiquated, and reporting was unreliable and imprecise. DWS has since implemented a new phone system, increasing the reporting reliability, and enabling DWS to implement new technologies to reduce customer wait times. This phone system was implemented in December 2013, giving the department a year's worth of data to begin comparing average wait times. Figure 2.2 shows the average wait times for January 2014 through January 2015.

Figure 2.2 The Thirteen Months Show a Generally Downward Trend.



Source: DWS Phone Reports

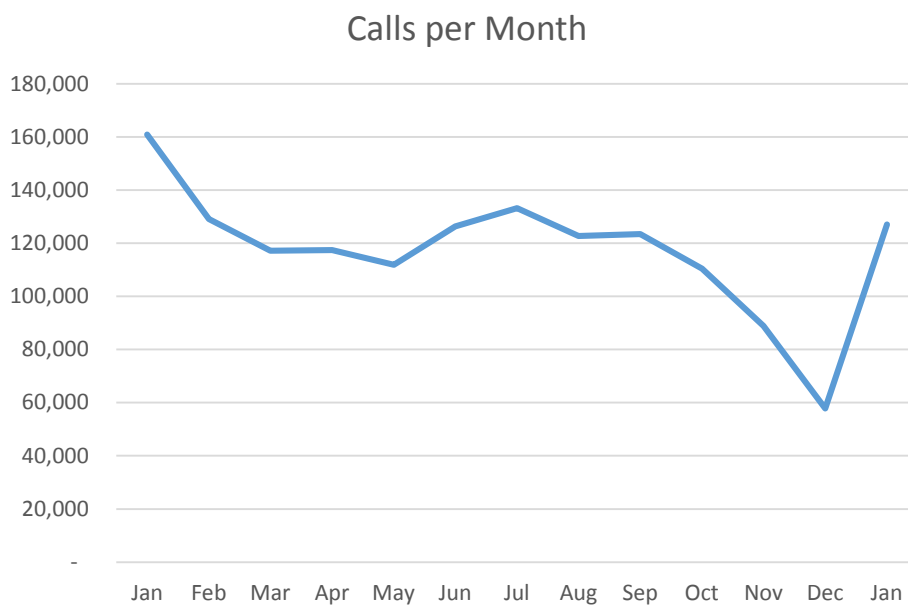
The average time on hold for 2014 was 12 minutes and 46 seconds. After removing January and February 2014 as outliers and adding January 2015, the wait time for the most recent 11 month period decreased to an average of 10 minutes and 40 seconds. We were not able to get comparative phone wait times from any peer states, and the antiquated system used before 2014 also did not allow for internal time comparisons. We encourage DWS to continue tracking these numbers to give them a basis for month-to-month comparisons.

The initial January/February spike in time before the call is answered seen in Figure 2.2 has two explanations:

1. An increase in the number and complexity of calls due to the implementation of the Affordable Care Act (ACA)
2. A higher number of calls in January and February due to enrollment periods

Figure 2.3 shows the number of calls received over the same period of time as Figure 2.2.

Figure 2.3 The Number of Calls Mirrors the Slope of Wait Times. The jump in January 2015 reflects enrollment periods.



Source: DWS Phone Reports

The peaks in the figure happen in January, although the January 2015 peak had 33,839 fewer calls than the 2014 peak, or a 21 percent decrease. In contrast, the phone wait times in Figure 2.2 decreased from 21 minutes 31 seconds, to 10 minutes, 14 seconds, or a 52 percent decrease. The difference in these ratios could indicate the complexity and difficulty of the ACA calls. The department reports that their system did not communicate with the ACA system until March 2014.

The difference in these ratios also indicates the importance of continued monitoring by the department. According to the department, it is only fair to compare months, as there are reasons for the number of calls in each month. We encourage the department to

Peaks in calls per month and phone times appear to coincide with roll out of the Affordable Care Act.

The self-service phone option has the potential to decrease the number of calls to workers and therefore reduce call wait times.

continue monitoring these numbers in order to determine whether they have made actual improvements.

DWS is taking steps to improve phone wait times and the customer experience. They have implemented a self-service phone option and are planning a call back system.

The Department Implemented a Self-Service Phone Option.

This feature went live in October 2014, and allows customers to choose to participate in the automated, self-service option when calling the department about their cases. Customers can track their case status, benefit amounts, documents needed, and documents received. Initial reports indicate that since the program started, 19 percent of customers have chosen the self-service option. Sixty-eight percent of those who choose self-service were authenticated⁷ and allowed to continue without going to a worker for further authentication. Of those calls, 47 percent then continued on to speak to a DWS worker. Increased utilization of this option can reduce the number of calls going to a worker, thus reducing call waiting time. We encourage DWS to continue tracking and monitoring customer usage of the self-service option and find ways to increase its use.

DWS Is in Process of Implementing a Call-Back Option. The new phone system has the technical capability to offer customers the option to have the system call them back when their turn comes up on the queue. The call-back option would eliminate the need for customers to wait on hold. Instead, customers could go about their business until the phone system returned the call. DWS has met with the phone system vendor to determine what is required to implement this system. The department will pursue this option as a positive customer service initiative.

With these changes, in addition to the improved ability to track the phone call data, DWS has made significant efforts to improve customer wait times.

⁷ Authentication means the customer was able to prove their identity and proceed to their case.

Accuracy Rate for Decisions Appears Sufficient

ESD's accuracy rate appears adequate for all four major programs. Even utilizing a stricter method of measuring accuracy than the federal government uses, Utah's average accuracy rate for all programs is 93 percent. In addition, the department's sampling measurement accuracy has become more statistically valid since the department made changes based on recommendations from the 2013 audit.

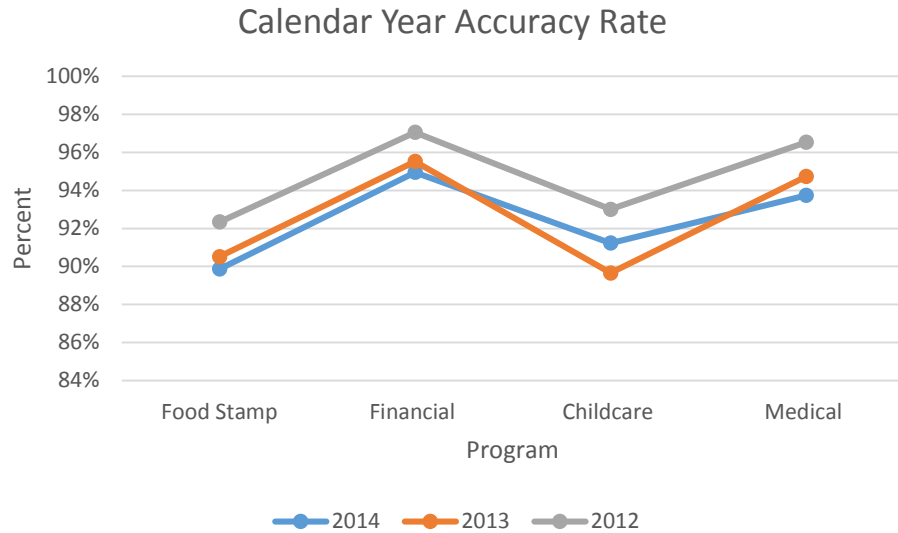
ESD measures its accuracy nightly, based on the results of PRT case reviews. A case is considered accurate if the case worker determines the right program, plan, and benefit amount. A benefit amount off by less than \$10 is still considered accurate. Otherwise, the caseworker receives an error.

Because DWS uses a stricter definition for errors than the federal government's standards,⁸ DWS has a lower reported accuracy rate for food stamps decisions than the federal government calculates for Utah. Nightly accuracy information is compiled to provide a yearly accuracy percentage and can be broken down by program, as seen in the following figure.

Case accuracy is based on the worker's determination of the correct program, plan, and benefit.

⁸ Federal government standards can give partial credit for a miscalculation in benefits and allows a caseworker to be off by up to \$37.

Figure 2.4 Overall Average Accuracy Rate for 2014 was 93 Percent. Utah often uses a stricter definition for errors than the federal government.



Source: DWS

USDA and the Centers for Medicare and Medicaid Services (CMS) regulations require that the state maintain at least 94 percent and 90 percent accuracy, respectively. However, as mentioned previously, USDA has a less stringent definition of an error. For example, USDA reports Utah's food stamp accuracy rate for fiscal year 2014 at 97.89 percent, while DWS reports its accuracy rate at around 89 percent.

Unfortunately, Medicaid accuracy rates have not been released by CMS since 2010, so we cannot compare the two measurements. There is no federal accuracy requirement for financial assistance; however, the Office of Childcare requires states to be at 90 percent accuracy when assessed every third year. Childcare briefly dipped below 90 percent accuracy in 2013 but has since improved to well above 90 percent. Overall for all four programs, we believe 93 percent is an acceptable rate of accuracy.

The total accuracy rate has decreased slightly from calendar year 2012. Based on the findings of the 2013 audit, this decrease is not surprising. We calculated that ESD had a higher error rate than the division was computing because PRT case reviewers were selecting multi-program cases at a higher rate, to meet their performance requirements. As a result, many caseworkers took greater care when

Utah's internal accuracy statistics place them above 90% for all programs.

Accuracy rates from 2012 and 2013 may have been skewed slightly upwards because of biased case selection by review staff.

completing cases with multiple programs than they did with single program cases, which make up 69 percent of the division's cases. Once the agency made adjustments (beginning in March 2013) to eliminate potential sources of selection bias in the review process, the agency-calculated error rate likely moved closer to the actual error rate (actual error rate can only be determined if every case is reviewed.)

According to USDA, Utah is 15th in the nation for food stamp payment accuracy and less than 2 percent from the leading state in the nation. We were unable to access comparable statistics for the other programs.

DWS Encourages and Trains Staff to be Professional and Responsive

As part of DWS' efforts to fulfill the cornerstone of excellent customer service, the department has implemented the following steps to encourage and train its staff to be professional and responsive.

- DWS employs a Customer Service Guide. This guide discusses customer service basics, the core principles of exceptional customer service, the customer service workflow, problem-solving, training, and involving the manager, supervisor, or constituent affairs specialist.
- In February 2015, ESD rolled out a phone etiquette training video. This training is required of all ESD staff, and it will continue to be required of staff on an annual basis.
- ESD regularly conducts phone surveys of customers at the end of their calls. Surveys involve three questions, answered on a scale of one to five. Supervisors go over the results with their staff at least quarterly. If the individual's results average less than 10 out of 15, there is a corrective course prescribed in policy. Spanish teams and English teams had an overall average score of 12.9 and 12.4 (respectively) for the last two months of 2014.⁹
- The department plans to conduct an in-depth survey of its customers to determine what ESD is doing well and what

Phone survey respondents are generally satisfied with the customer service provided.

⁹ Upon fulfilling our request for phone survey data, DWS realized that the system was not saving data past a certain date. This issue will be resolved in the future, to enable historical comparisons.

improvements can be made. This survey is planned for some time after October 2015. DWS plans to contract with a group from the University of Utah.

In 2012, the Utah Department of Health did a survey regarding customer service of the application and renewal process in the CHIP and Medicaid programs. About 85 percent of respondents stated that they were always or usually treated with respect.¹⁰ The survey concluded that overall, “no significant problems [were] encountered by any group of enrollees during the application, renewal, or closure process.”

It appears that DWS appropriately responds to customer service complaints, and that the department makes efforts to monitor and improve that service. We encourage the department to continue to do so.

¹⁰ About 56% of those responses responded “always.”

Chapter III

DWS Is Acting on Previous Audit Recommendations

The Department of Workforce Services (DWS or department) continues to work toward the implementation of all audit recommendations from *A Performance Audit of the Department of Workforce Services Work Environment (2013-13)*. The report was issued in November 2013 and contained 14 recommendations related to the Pay-for-Performance (PFP) program, the Performance Review Team (PRT) and edit process, and structural/managerial changes. Of these 14 recommendations, 13 have been sufficiently implemented. The 14th recommendation to the PRT is still in process.

DWS Implemented 13 of 14 Recommendations

Over the past 14 months, DWS has instituted numerous changes to address the audit findings and recommendations. Some major changes include:

- The elimination of the Pay-for-Performance program
- The creation of a quarterly, team-based performance incentive program to replace PFP
- Development of a sampling methodology that ensures case workers' case reviews are equitable and conducted at a statistically valid rate
- System and policy changes that begin to address potential case review selection bias
- Increased emphasis on tracking the rate of organizational change

The department's changes have addressed nearly all of the concerns raised in the previous audit. For a full list of recommendations, the department's actions, and auditor conclusions, see Appendix A.

DWS replaced its Pay-for-Performance program with a team-based quarterly incentive program.

DWS Continues the Process of Addressing Potential Selection Bias from Case Reviews

One recommendation, regarding the review process, is still being implemented. The recommendation reads as follows:

We recommend that the Eligibility Services Division management continue addressing any remaining issues associated with selection bias in the Performance Review Team case review process.

One concern expressed in the 2013 audit was that members of the PRT, who review cases for errors, were selecting cases to review based on the number of client support programs (food stamps, financial assistance, child care, and medical) associated with the case. A caseworker who received an error on a case containing several programs would receive the corresponding number of errors. These errors counted against the employee's accuracy rate for the month.

In the past, PRT reviewers were motivated to select cases with multiple programs because the reviewer's performance was partially measured by the number of program determinations reviewed. This incentive structure led to an increase in the proportion of cases with multiple programs being selected for accuracy review. From the perspective of the case worker being reviewed, PRT selection of multiple program cases was often regarded as punitive. So, greater care would go along with cases with multiple programs. Our report identified that an unintended consequence of this behavior was reduced focus and attention to detail on single program decisions.¹¹

In the past, case reviewers could open a potential case to review, determine how many programs were included in it, and decide whether or not to review that case. As a result of our 2013 audit, DWS management directed PRT case reviewers to select the case from the top of the queue, regardless of how many programs were associated with it.

DWS continues its efforts to remove potential selection bias. The department has requested the internal Management Information System (MIS) staff to create a report to notify managers when a case

In the future, ESD management will be able to run a report to help ensure that reviewers are following case selection policy.

¹¹ The results of the focus on multiple program cases are discussed in further depth in Chapter II.

reviewer rejects a case.¹² Management should be able to use this tool to investigate when and why cases are rejected. In addition, DWS recently eliminated a system-generated Likert scale (a numeric rating scale used to indicate the level of difficulty associated with the case) that was visible to reviewers before the case was reserved for review. The elimination of this scale will help reduce the possibility that a case reviewer can target a case with multiple programs.

One potential source of selection bias cannot be eliminated at this time. Case reviewers will still need to see the name of the case worker who completed the case before they reserve it. This feature cannot be removed because management wants to ensure that each case worker receives a statistically significant number of reviews.¹³ Since truly blind selection or random selection by the system cannot guarantee that every case worker would get the appropriate number of reviews, management has decided to leave the worker's name visible to the reviewer.¹⁴

DWS has taken several important steps to remove potential case selection bias and implement the corresponding recommendation from the 2013 report. We urge the agency to continue to monitor the situation and make adjustments as technology permits.

Case reviewers will still need to know the name of the case worker when selecting a case to review, to ensure that each worker receives a statistically significant number of reviews.

¹² Cases must be reserved by the reviewer before they can see the details, including the number of programs. They can then reject, or un-reserve those cases.

¹³ This significance is based on the average number of determinations in the hierarchy per month.

¹⁴ DWS' emphasis on ensuring a statistically significant number of reviews for each caseworker is a result of a recommendation in our 2013 audit.

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Appendix A

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Appendix A

Detailed Follow-Up Results

Each recommendation from Report 2013-13 is reproduced below. The Department of Workforce Services' (DWS or department) responses and our analysis follow each recommendation. DWS action responses are quoted in blue and our conclusions are given in green.

Report page 32 (Chapter II)

1. We recommend the Department of Workforce Services improve data tracking and analysis to determine and isolate the efficiency gains achieved from any new process-improvement programs.

Implemented: Eligibility Services Division has worked with GOMB to develop the QT/OE (Quality*throughput/Operating expenses) quotient and this is used to evaluate the positive and negative impacts of implemented changes. This calculation has been baselined and is monitored quarterly for progress. In addition, the Eligibility Services Division has historical determination, timeliness, and accuracy data that can be used for smaller strategies implemented to improve these specific performance measures.

Implemented: DWS now tracks methods of determining efficiency, such as days to decision, caseload counts, call wait times, case review accuracy, and determinations. We can also verify that the department tracks the QT/OE for the Governor's SUCCESS initiative, although we are not in a position to determine whether this has been useful or helpful to department operations.

2. We recommend that the Department of Workforce Services address the financial and motivational sustainability of their Pay for Performance program given the reduction of incentive amounts resulting from increased employee participation.

Implemented: DWS no longer has a pay for performance program.

Implemented: A new, financially sustainable incentive system was established that is based on team rather than individual achievement. Currently, if the team achieves the incentive goal for the three-month period, each member of that team gets \$200. This number was calculated by making the assumption that every team would be successful, and determining the amount that would fit into the department budget. DWS has also tried to make it clear to staff that the program is based on current funding, so if budgets are reduced, they may have to eliminate the program.

3. We recommend that the Department of Workforce Services continue to account for inequitable opportunities among employees by recognizing outputs that better define the performance of its workers.

Implemented: Eligibility Services Division has begun an incentive plan that replaced the former Pay for Performance pilot. Previously in Pay for Performance, monetary payments were determined by a worker's individual accuracy and determination volume. With the new incentive program, new improvement goals are selected every quarter by the division director and then each individual team across the division sets a specific, measurable team goal of what they will do (as a team) to contribute to the overarching division goal. The incentive plan payments are team-based (formerly individual) and available to all employees (previously primarily limited to those making determinations) in the Eligibility Services Division.

Implemented: The incentive goals are now team-based, meaning that the entire team must meet the goal, and if the goal is met, all team members will receive the incentive. This incentive plan includes administrative staff and those strictly on phones who would not have been incentivized under the previous program.

4. We recommend that the Department of Workforce Services tighten Eligibility Services Division controls over the determinations process or adjust incentives to control for potential negative employee behavior.

Implemented: The Eligibility Services Division has ended the Pay for Performance pilot that rewarded determinations and has replaced it with an incentive plan that selects quarterly team goals.

Implemented: As the new incentive program is team-based, there is no incentive to participate in the negative employee behavior described in the 2013 report.

5. We recommend that the Department of Workforce Services consider improving its ability to track individual work process inputs and/or shifting focus from individual-oriented rewards to incentives better matching existing interdependent work processes.

Implemented: The Eligibility Services Division has ended the Pay for Performance pilot that was rewarding individual performance and has replaced it with an incentive plan that is awarded at a team level.

Implemented: Because the new incentive program is team-based, it more fully matches DWS' interdependent work processes. In addition, because it is team-based,

there is no longer a need to track individual work process inputs for individually oriented rewards.

6. We recommend that the Department of Workforce Services consider additional nonmonetary enrichments and work process changes that may cultivate employee trust and reestablish intrinsic, public-service-oriented motivators.

Implemented: Eligibility Services Division employees are invited to participate in public service activities that not only help the public but also create camaraderie and trust within the agency. Some of these activities include outreach events with community partners, the Governor's clean air challenge, employee association fund raising to donate to local charities, local food bank drives and a current health challenge. Some additional work process changes recently implemented in an effort to cultivate employee trust are; annual leadership conferences for the entire Department (including the Executive and Deputy Directors), annual supervisor forums where division leadership (Division Director, Assistant Directors, and Managers) answer questions and provide training and support, regular conference calls between randomly selected staff across the state and the ESD Division Director, as well as the use of Throughput Rounds where leadership travel around the state to meet with front line staff and discuss operational, system, and policy bottlenecks that impact their ability to be successful or if changed could improve the process.

Implemented: DWS has provided opportunities for employees to participate in activities outside of their daily duties, most which would offer public-service-oriented motivators. These include inter-office competitions, charity collections, food drives, clothing drives, health challenges, clean air challenges, participation in housing coalitions, and participation in charity employment services groups. They have also tried to emphasize interaction with upper management. ESD management recently completed a tour of the offices to celebrate high scores on food stamp quality and the single state audit. In addition, in January they held an Employee Success Week, in which they “dedicated a week to focus on several important areas that are critical to the success of each employee.” This week included topics and videos to encourage employees.

Finally, the department employed the Center for Public Policy & Administration at the University of Utah to conduct an extensive employee survey of employee satisfaction. This survey had a response rate of 77 percent and identified areas in which the department is doing well, as well as areas for improvement. Management indicated that they were happy to have learned the issues to work on, especially that employees felt there is a “chasm between upper management and employees.” While management intends to continue working on issues identified as concerns, they were encouraged to see how many people felt they were making a difference at their jobs.

Report page 46 (Chapter III)

1. We recommend that the Department of Workforce Services and its Eligibility Services Division limit Pay for Performance incentives to only its eligibility specialists, unless supervisor and management incentives are redesigned to isolate the individual impacts of supervisors and management.

Implemented: The Eligibility Services Division has ended the Pay for Performance pilot that was rewarding individual performance and has replaced it with an incentive plan that is awarded at a team level (including the supervisor). The incentive payment, if achieved, is identical for each member of the team.

Implemented: The concern from the original audit was that “the purpose of the Pay for Performance program is to isolate and reward high levels of individual performance.... These issues show an overall failure to isolate and reward the supervisor or management member’s contribution to team performance.” Because the new incentive program is team-based, there is no longer a need to track individual work process inputs for individually oriented rewards, including the efforts of supervisors.

Report page 65 (Chapter IV)

1. We recommend that the Department of Workforce Services develop hierarchy-specific benchmarks for accuracy that are similar to existing productivity requirements.

Implemented: In the new incentive plan, the division director selects a quarterly division goal. Each team sets an individual team goal of how they will help contribute to the overarching division goal. The team goal is tailored to that specific team because teams perform at different levels. For example, if the quarterly division goal were to improve accuracy, a team with current accuracy of 97% could set a goal to improve to 98% for the quarter, while another team at 94% could set a goal to improve to 95%. This incentive plan recognizes and allows for teams with unique challenges, which challenges previously made earning rewards in Pay for Performance difficult, an opportunity to earn an incentive at the same pace and level as others. Team goals are set based on historical team performance baselines. Each individual team goal is reviewed and approved by the division director to ensure goals are both connected to the overarching division goal and will require acceptable improvement. The Eligibility Services Division did not change the minimum performance accuracy expectation of 90%.

Implemented: The department has maintained a department-wide requirement of at

least 90 percent accuracy, as they did not want to sacrifice quality. Management reports that they are currently in the process of completely reevaluating their performance plans, starting in fiscal year 2016, to adjust the accuracy requirement. While a decision has not yet been made, they are discussing a team or division accuracy requirement, with each individual employee being required to contribute positively to meeting this goal. In addition, as they pointed out in their response, accuracy can be used as an incentive goal, although they have not yet done so.

2. We recommend that Eligibility Services Division management continue addressing any remaining issues associated with selection bias in the Performance Review Team case review process.

In process: The Eligibility Services Division has eliminated the ability of internal case reviewers to exercise selection bias. The internal case review team simply selects the next edit listed in the case edit queue, and until that selection and assignment occurs, the case reviewer is unable to see the details of the case edit that needs to be performed.

In process: We disagree with the department's assessment that "the internal case review team simply selects the next edit listed in the case edit queue...." In fact, the reviewer is presented with options to choose from, and they can choose any review from a list. While we understand the technical limitations they are operating under, we still encourage DWS to continue to make the improvements discussed in more detail in Chapter III.

3. We recommend that Eligibility Services Division management develop processes to document the frequency and basis that errors identified by Performance Review Team case reviewers are being appealed and overturned.

Implemented: The Performance Review Team has been manually tracking the cases that are overturned due to a case worker appeal. This data is used by the Performance Review Team managers to train and mentor the Performance Review Team case reviewers. A potential electronic tool (to replace the manual tracking) was added to eREP in June 2014 and is currently being tested by select teams, however, the manual tracking continues until the electronic tool is proven to be working properly and is implemented across the division.

Implemented: DWS demonstrated the manual tracking device they developed as well as the automated tool they have developed and plan to release department-wide.

4. We recommend that the Eligibility Services Division adjust its sampling methodology to provide a greater level of confidence in conclusions about employee

performance.

Implemented: The Performance Review Team worked with Management Information Systems (MIS) to determine the appropriate volume of edits that must be completed on each worker in order to be statistically valid. This data was determined based on the hierarchy's level of determinations. The Performance Review Team is currently meeting the required edit volume suggested by the data to provide a high confidence level in the validity of the individual worker accuracy data.

Implemented: We reviewed DWS' sampling methodology and it appears sound and equitable. They consulted with the Director of the Workforce Research and Analysis division and their own internal audit division. The number of edits performed each month for an individual caseworker is based on a statistically significant sample of the average number of determinations that that the individual's hierarchy makes each month. The sample size provides a 95 percent confidence interval with a 4 percent margin of error (3 percent margin of error for the long-term care hierarchy). As this follow-up was limited in time and scope, we were not able to verify that all PRT case reviewers are following the new procedure.

5. We recommend that Eligibility Services Division management adopt guidelines and tools that specify acceptable employee performance and clarify when negative personnel actions are appropriate.

Implemented: The Eligibility Services Division has created such a tool. It is published on the DWS intranet and training was provided to all managers and supervisors at the May 2014 Supervisor Forum. The tool was reviewed and approved by Human Resources.

Implemented: We have examined the tool they developed "to assist supervisors and in order to ensure consistency, transparency, and support is provided to employees." This tool prescribes requirements from monthly documented evaluations to the steps to take for employees not meeting performance expectations. It also explains the documentation requirements for exceptions to these requirements. It appears to fulfill the intent of the recommendation.

Report page 83 (Chapter V)

1. We recommend that the Department of Workforce Services determine ways to slow the rate of large-scale changes and ensure that employees are able to effectively adapt to changes.

Implemented: The DWS is currently using Exepron, a project management tool that

displays informational dashboards - providing real time visibility to all projects in the department's portfolio. The tool allows the executive team to visually see the volume and progress of current projects as well as future projects that will follow. The executive team uses Exepron to ensure that project deadlines are being met and to prevent unnecessary high change volumes.

Implemented: We examined the Exepron program DWS is using to manage its projects. This program has been in use for about a year and a half, and it took six to nine months to get all existing projects into the system. It gives management a visual representation of which projects are in place, as well as which are behind schedule, and what is holding them up. Members of management reported to us how useful it has been to be able to see what is going on and not have to make decisions based on theories. If used correctly, this system should be a good way for DWS to slow the rate of large-scale changes.

2. We recommend that the Department of Workforce Services update its client data access policy from zero tolerance to allow more firm but flexible policy.

Partially implemented: DWS made the language of the zero tolerance policy more clear. The confidential nature of the information housed within the various DWS' databases makes it imperative that it is protected and that staff understand the importance of this. Therefore, DWS still believes a zero tolerance policy is necessary.

Implemented: We believe the department has made more progress in this area than stated in their response. The previous policy stated that "the Department will discharge a worker" for inappropriate access of client data. It has since been changed to state that "the Department shall discipline" employees for the same offense. It allows that "the severity of the discipline may vary depending on the egregious nature of the violation." This allows for the flexibility that our recommendation advocated. When discussing this recommendation with department management, they agreed that it has been implemented; it was just a matter of the timing of the follow-up response. They responded in November that the recommendation was partially implemented, and the policy was changed in December.

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Agency Response

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State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

**Department of
Workforce Services**

JON S. PIERPONT
Executive Director

CASEY R. CAMERON
Deputy Director

GREG PARAS
Deputy Director

March 25, 2015

John M. Schaff, CIA
Auditor General
Office of the Legislative Auditor General
W315 Utah State Capitol Complex
P. O. Box 145315
Salt Lake City, UT 84114-5315

Dear Mr. Schaff,

Thank you for the opportunity to review an exposure draft of your report, **A Performance Audit of DWS Customer Service and Follow-up** (Report No. 2015-02). As there are no official findings, you will not receive a formal response under a separate cover.

DWS appreciates the acknowledgement of your office regarding customer service being at acceptable levels for our Eligibility Services Division (ESD). As your report mentions, ESD receives approximately 1,800,000 customer contacts per year, primarily over the telephone. We are mindful in resolving customer concerns at the lowest leadership level. We also closely monitor the following performance measures linked with customer service and customer satisfaction: days to decision, phone wait time, decision accuracy, and respectful and responsive customer interactions. We feel there are always opportunities to improve, and will continue to monitor and develop new ways to strengthen our service.

We also appreciate the acknowledgement that we have implemented 13 of the 14 recommendations in **A Performance Audit of the Department of Workforce Services Work Environment** (report No. 2013-13). Due to technical limitations and the commitment to provide feedback to employees in an equitable and statistically valid manner, we are unable to implement the last recommendation at this time. We will continue exploring methods to ensure that our case review selection process is free from potential bias.

Lastly, we would like to thank you and your staff, specifically Leah Blevins, Hillary Galvin, and Tim Osterstock for the professionalism and collaboration they have shown during the audit process. We look forward to a continued positive working relationship with you and your staff.

If you have any questions regarding this response, please do not hesitate to contact me. You may also contact Dale Ownby, Director of ESD, at (801) 526-9889 or at downby@utah.gov.

Sincerely,



Jon Pierpont
Executive Director