

LBA Performance Audit Report Summary:

Department of Environmental Services, Performance Based Budgeting Performance Audit Report – March 2002

This performance audit provides an assessment of the Department of Environmental Services (DES) participation in the performance-based budgeting pilot (the pilot). The audit reviews the DES' achievement towards its performance-based budget goals, objectives, and measures for fiscal years 2000 and 2001. A review of the appropriateness of the goals and measures was also completed.

Chapter 222, Laws of 1998, authorized New Hampshire agencies to use performance-based budgeting. Two departments used performance-based budgeting during the 2000-2001 biennium: the DES and the Department of Transportation. The DES has the following three programs involved in the performance-based budget pilot: Subsurface Systems Bureau, Nonpoint Source Program (Section 319 Planning), and Underground Storage Tank Program. The Subsurface Systems Bureau and the Nonpoint Source Program (Section 319 Planning) are located within the Water Division and the Underground Storage Tank Program is part of the Waste Management Division.

The Subsurface Systems Bureau consists of 25 personnel responsible for preventing pollution of all public and private water supplies by reviewing applications for land subdivisions, reviewing individual septic system designs, completing on-site inspections of all septic systems installed, and investigating complaints and engaging in enforcement activities related to subsurface systems. The Subsurface Systems Bureau is funded 100 percent by the General Fund.

The Nonpoint Source Program (Section 319 Planning) funds five positions that provide technical, educational, and outreach activities to local entities addressing nonpoint source pollution. The Section 319 Planning grants awarded to local entities to address all aspects of “watershed management including organization building, watershed planning and assessment, and implementation, including installation of BMPs [best management practices] and education and outreach programs.” The Nonpoint Source Program (Section 319 Planning) is 100 percent federally funded through the Clean Water Act.

The Underground Storage Tank Program consists of four personnel working to prevent and minimize land and water contamination caused by handling and storage of petroleum products and hazardous substances. Program personnel conduct: design and plan reviews, inspections for new or modified underground storage tank installations, closure inspections for underground storage tanks, and compliance reviews of underground storage tank sites. The Underground Storage Tank Program is 100 percent federally funded.

New Hampshire's Performance-Based Budget Pilot Risks Failure

As we noted in the Department of Transportation's Bureau of Turnpikes performance-based budget report, issued April 2001, the pilot lacks a clear centralized approach. Our review of the DES' performance-based budgeting efforts further supports that conclusion. The pilot continues with no leadership, no formal written plan, and limited training for personnel involved in the pilot.

Achievement Of Goals, Objectives, And Measures Unclear

The three programs involved in the pilot could not provide comprehensive data to verify reported performance information. We also noted various issues with efficiency measures calculations. Not maintaining performance measures data and inappropriate efficiency measures calculations could adversely affect assessments made internally by management and externally by decision makers towards the achievement of goals.

Linkage Between Goals, Objectives, And Measures Needs Improvement

While most of the goals, objectives, and measures appear to be appropriate, we found the programs should review some of their measures, particularly outcome measures, to ensure linkage to relevant outputs and to the goals and missions of the programs and the department. New measures are needed for some programs, while other measures should be rewritten to clarify what is being measured.

Observations

The report contains a total of 12 observations with recommendations as a result of our findings. The Governor's Budget Office received one observation recommending the office take a leadership role if the pilot is to continue. This would include developing a plan describing the purpose, objectives, and goals of performance-based budgeting and providing training to all involved in the pilot. The Governor's Budget Office concurred in part with this observation.

The DES received a total of 11 observations with recommendations, to which they concurred with four and concurred in part with seven. Of the 11 observations directed to the DES, two related to the need for submitting timely reports. The remaining nine observations provide comments to each program regarding problems and issues with the current performance measures and data, as well as suggestions for improvement.

Conclusion

No significant changes have occurred in the pilot between the time we issued the Department of Transportation's Bureau of Turnpikes performance-based budget report in April 2001 and the issuing of this report. New Hampshire's performance-based budget pilot continues to function with no formal leadership, no formal plan, and no training.

We recognize the DES' efforts to implement performance-based budgeting as part of their larger effort to manage for environmental results. If training and clearer guidance had been provided some issues noted in this report and in the Department of Transportation's Bureau of Turnpikes

performance-based budget report may not have existed. However, the DES programs engaged in the pilot need to be more proactive in ensuring their performance measures provide accurate and useful information for DES management, the Legislature, and the Governor and Council.

Legislative and Executive leadership may want to consider what goals are to be achieved using performance-based budgeting and work toward implementing a system to meet the needs of both branches. Additionally, Executive and Legislative leadership need to work together to allow the pilot to be fully tested, from implementation and measures development to the submission of performance-based budgets to the Legislature. If no changes are made to the performance-based budget pilot, decision makers will not have the information required to determine if performance-based budgeting should be implemented throughout New Hampshire government.