



Joint Legislative Audit and Review Commission FY 2006 Strategic Plan

This strategic plan is produced in compliance with the requirements of §§2.2-2683 to 2.2-2687 and §2.2-1508 of the *Code of Virginia* and is updated annually as a part of the work planning process for the agency.

Mission Statement

The mission of the Joint Legislative Audit and Review Commission (JLARC) is to provide the General Assembly with an objective and vigorous oversight capability. Through analytic research and evaluation, the Commission aids in ensuring that the Legislature is informed about State program operations, agencies fulfill legislative intent, and programs operate efficiently, effectively, and economically.

Agency Vision

The Joint Legislative Audit and Review Commission will provide accurate, objective, and timely analysis and evaluation for the Virginia General Assembly.

Agency Values

JLARC's core values are important to its long history of success and to its future ability to serve the General Assembly and the citizens of Virginia. These values are also integral to the professional practice of the Commission's staff. The core values are:

Accountability. JLARC helps the Virginia General Assembly oversee State programs and operations to ensure accountability to the citizens of Virginia. The Commission seeks to enhance the effectiveness, efficiency, and economy of State government.

Integrity. JLARC has set high standards for the conduct of its work. The General Assembly and the Commission recognize JLARC's research as professional, objective, fact-based, non-partisan, and balanced.

Reliability. To serve the Legislature well, JLARC's work must be reliable. JLARC is dedicated to producing reports, briefings, and other products that are timely, accurate, and clear.

Agency Executive Progress Report

Current Service Performance. JLARC measures its performance generally in terms of its on-time completion of organizational products. During the past calendar year, JLARC staff completed 100 percent of performance reports, semi-annual VRS investment reports, fiscal impact statement reviews, and other products on or before their established deadlines.

JLARC also assesses performance by tracking the cumulative dollar savings from JLARC report recommendations. Over the past 30 years, the documented and anticipated savings from JLARC recommendations totals \$473 million. Compared to JLARC's budget, the ratio of savings to costs is more than 10 to 1.

Productivity. JLARC seeks to produce in-depth, reliable research products, so the quality of the reports is considered more essential than the quantity. However, JLARC productivity can be measured in terms of the reports and other products completed by staff. It is difficult for the staff to control the overall workload for the agency, because the number and types of evaluations to be completed are determined by the leadership of the General Assembly and the Commission. Over the past five years, the number of reports completed by staff has varied from 12 in calendar year 2003 to 16 in calendar year 2002. Typically, staff complete between five to eight major evaluation studies per year, and also produce between five to ten special studies or interim reports. Special reports include those for oversight of the Virginia Retirement System and State spending. For the entire five-year period, staff completed 69 reports, or about 14 reports per year. The staff has never failed to complete an evaluation or other assignment.

The products for each evaluation or special study include more than just the final report. During the course of a JLARC project, staff also produce a detailed research plan, several drafts of each report (including an exposure draft for review by the affected agency), survey instruments, memos, correspondence with agency personnel, interview guides, contact notes of telephone and in-person interviews, and one or more major PowerPoint presentations.

With the current staffing level, the number of reports indicated above reflects a reasonable range for the products that can be produced by staff in a year. Producing more than that number of reports on a regular basis would require additional staff, excessive overtime by existing staff, or a change in the expectations regarding the comprehensiveness of the reviews.

Major Initiatives. JLARC has an initiative underway to redesign the format of its evaluation reports and to better organize the content of the documents. The purpose of this initiative is to better serve the General Assembly by making evaluation and performance information easier to access and use. A second goal is to make the development of reports by staff more efficient.

The revised report format will be used for as many as four reports in calendar year 2005, with full implementation for all reports in 2006. This strategic plan and the 2005 Workplan are produced in the new format.

Virginia Ranking and Trends. JLARC is recognized nationally as a leader in performance auditing, evaluation, and policy research. Most recently, JLARC received the 2005 Impact Award of the National Legislative Program Evaluation Society (NLPES) of the National Conference of State Legislatures (NCSL) for the report, Review of Emergency Medical Services in Virginia. JLARC received the 2004 Impact Award for the report, Review of Information Technology Systems Development, and the 2001 Impact Award for the report, Virginia Medicaid Reimbursement of Nursing Facilities. Also in 2001, JLARC received the NLPES Award for Excellence in Research Methods. Between 1979 and 2000, JLARC received eight other awards from NCSL.

In 2005, *Governing* magazine ranked Virginia as the best managed state in the nation. In recognizing Virginia as a national leader in program and performance evaluation, *Governing* cites JLARC as a factor in the State's outstanding performance, specifically noting the "remarkably high quality" of JLARC's work, and the thoroughness of recommendations.

Customer Trends and Coverage. The JLARC customer base is determined by the agency's mission and authority, and has remained unchanged in recent years. JLARC customers include the 140 members of the Virginia General Assembly, staff of legislative committees, the Governor, State agencies, and citizens with interests in the subject areas of performance and evaluation reports.

JLARC evaluation reports are available as legislative documents and are published on the JLARC web site. During ten months of calendar year 2004, there were 226,322 downloads of reports, briefings, and other documents from the JLARC web site. These downloads were for 25,625 unique users of the web site. Also in calendar year 2004, 83 users ordered printed copies of reports or report CD-ROMs from the online ordering system. JLARC also maintains a separate web site for the online Legislator's Guide to the Virginia Retirement

System. For 10 months in 2004, that site had 5,021 users with 38,885 accesses to information about the retirement system.

Future Direction, Expectations, and Priorities. JLARC will continue to provide high-quality research and evaluation for the Virginia General Assembly. With an improved reporting format, JLARC staff expect to enhance access to performance and evaluation information for the members of the Legislature and the public.

Impediments. There are no significant impediments to the successful performance of JLARC's mission. Cooperation with study efforts by State agencies and other entities with pertinent information is critical to success, and such cooperation has almost always been provided.

However, an ongoing challenge is to recruit and retain highly qualified staff with the appropriate analytical and communications skills needed to perform complex research analyses required by the General Assembly. JLARC staff turnover is high because experienced analysts are in high demand by other legislative, executive, and private sector organizations. Turnover has averaged about 14.5 percent over the past five years.

Background Information

Statutory Authority. The Joint Legislative Audit and Review Commission is the oversight arm of the Virginia General Assembly. It was established by the Legislature in 1973 to review and evaluate the operations and performance of State agencies and programs (§30-56 to §30-63 of the *Code of Virginia*). The Commission is composed of nine members of the House of Delegates, of whom at least five also serve on the House Appropriations Committee, and five members of the Senate, of whom two also serve on the Senate Finance Committee. Delegates are appointed by the Speaker of the House, and Senators by the Rules Committee. The Commission provides leadership and direction for the organization and annually approves the overall workplan for the staff. The Commission also authorizes the publication of study reports.

In 1978, the General Assembly expanded the JLARC oversight role by enacting the Legislative Program Review and Evaluation Act (§30-65 to §30-72 of the *Code of Virginia*). The Act provides for the periodic review and evaluation of selected topics from among the seven functional areas of State government (such as administration of justice, individual and family services, or transportation). It also establishes a process for involving House and Senate standing committees in the Commission's study activities. The authority of the Commission to conduct follow-up studies was clarified and formalized

by the 1980 General Assembly (§30-58.2 of the *Code of Virginia*).

In 1994, the General Assembly passed the Virginia Retirement System Oversight Act (§§30-78 through 30-84 of the *Code of Virginia*). This Act designated JLARC as the legislative agency responsible for carrying out retirement system oversight. The Commission is required by this Act to make certain semi-annual reports to the General Assembly regarding investments and quadrennial reports on the actuarial soundness of VRS trust funds.

JLARC also has statutory responsibility to review internal service fund accounts (§2.2-803), periodically review the codified exemptions and exclusions from the Administrative Process Act (§9-6.14:4.1G), and annually report on State expenditures that are made for the purpose of meeting the State share of costs for Virginia's educational Standards of Quality (§22.1-97).

In 1999, language was added to the Appropriation Act to provide JLARC with additional funds to expand the technical support staff of JLARC "to assist with legislative fiscal impact analysis" and "to conduct oversight of the expenditure forecasting process." A Fiscal Analysis Section was established and staffed in 1999. Funding and language for this section have been continued in subsequent years, including Item 21D of the 2004-2006 Appropriation Act.

In 2001, the General Assembly adopted a measure that mandated JLARC to provide the General Assembly and the Governor with annual reports on State spending. Section 30-58.3 of the *Code of Virginia* requires JLARC to study State spending over the prior decade, identify the largest and fastest growing programs, analyze the causes of expenditure growth, and assess various means of addressing growth in State government.

In 2003, the General Assembly created the "Council on Virginia's Future." Section 2.2-2686 of the *Code of Virginia* directs that "additional assistance as needed shall be provided by the Joint Legislative Audit and Review Commission, the Auditor of Public Accounts..." and others. Since its creation, several Commission members have served on the Council, and JLARC staff have provided assistance to the Council.

In 2005, the General Assembly provided for independent administrative and financial operation of Virginia's State-supported colleges and universities. A part of the General Assembly's oversight of the independent status of the institutions of higher education is a JLARC review of the initial manage-

ment agreements between the State and the institutions (§23-38.88 D.3 of the *Code of Virginia*). Compliance with each initial management agreement and the impact on students and employees are to be evaluated by JLARC after 24 months of implementation. JLARC is authorized, but not required, to review subsequent management agreements.

Customers. JLARC customers include the members of the Virginia General Assembly, staff of the legislative money committees, the Governor, State agencies, and citizens with interests in the subject areas of the JLARC performance and evaluation reports.

Products and Services. All of JLARC's evaluations and performance audits are selected and authorized by the Virginia General Assembly or by the Commission. The JLARC staff does not self-generate the topics of studies to be completed. JLARC's products are intended to communicate to customers the information, findings, conclusions, and recommendations from program evaluations, performance audits, and other oversight functions (for the Virginia Retirement System, fiscal analysis, and internal service funds). JLARC reports and other products are available on the JLARC web site. In addition, JLARC publishes a CD-ROM with all of the reports from evaluations and performance audits completed since 1994.

JLARC has 11 major products, all of which are available to customers including the public. The two primary products for program evaluations and performance audits are: (1) the final report and (2) presentations to the Commission and the standing committees of the House and Senate. Products for retirement system oversight include: (3) the online Legislator's Guide to the Virginia Retirement System, (4) semi-annual investment reports, (5) a biennial status report on retirement issues and (6) a quadrennial actuarial audit. The fiscal analysis section produces: (7) an annual report on the growth of State spending, (8) an annual report on State spending for Standards of Quality (SOQ) costs, (9) periodic reports on expenditure forecasting and (10) reviews of fiscal impact statements produced by the Department of Planning and Budget and other agencies during sessions of the General Assembly. Finally, as part of the review of internal service funds, the JLARC Internal Service Fund Subcommittee prepares: (11) subcommittee reports to outline its findings and recommendations on internal service fund rate requests.

Financial Resources Summary

Currently, JLARC is funded from general funds (97%) and special funds from the Virginia Retirement System (3%), but

these proportions may vary from year to year. For the 2004-2006 biennium, funding is:

	Year One		Year Two	
	General Fund	Non-General	General Fund	Non-General
Base Budget	\$2,809,438	\$99,701	\$2,809,438	\$99,701
Changes to Base	\$0	\$0	\$0	\$0
Total	\$2,809,438	\$99,701	\$2,809,438	\$99,701

Human Resources Summary

As of July 1, 2005, the Joint Legislative Audit and Review Commission has an authorized FTE level of 37, with 31 positions currently filled and 6 vacancies. There are currently no factors significantly impacting the agency's human resources.

However, an ongoing challenge is to recruit and retain highly qualified staff with the appropriate analytical and communications skills needed to perform complex research analyses required by the General Assembly. JLARC staff turnover is high because experienced analysts are in high demand by other legislative, executive, and private sector organizations. Turnover has averaged about 14.5 percent over the past five years.

Information Technology Summary

JLARC's information technology infrastructure consists of desktop PCs for all staff and a Windows-based local area network operated and maintained by the Division of Legislative Automated Systems (DLAS). DLAS also provides servers for the JLARC web site, the web-based Legislator's Guide to the Virginia Retirement System, and JLARC's online survey system (SQL Server). DLAS is also responsible for daily and monthly backup of all file servers and for the off-site storage of backup media. Through DLAS, JLARC also has connection to the State's central administrative systems such as CARS, CIPPS, and FATS.

The applications base consists of Microsoft Office applications, Lotus Notes for email, procurement tracking, and fiscal impact statement tracking, SAS for statistical analysis, the ArcView geographical information system for spatial data analysis, Ultimate Survey for online survey administration, Acrobat Professional for document processing, and Dreamweaver MX for web development. In addition, JLARC has two applications developed in-house for staff time tracking and out-of-office reporting. The in-house applications use a DB2 database hosted by DLAS. In-house applications are developed with Borland's Delphi Enterprise object oriented programming environment.

In addition to JLARC staff, users of the JLARC systems include State and local government agencies and the general public. These users have access to the JLARC web site, the online Legislator's Guide to the Virginia Retirement System, and the JLARC Survey System (to respond to surveys).

No significant changes in the agency's information technology are expected for the next two years, and no major projects or capital replacements are anticipated.

Capital Investments Summary

JLARC offices are located on the 11th floor of the General Assembly Building, which is maintained by the Department of General Services. No capital investments are anticipated for the next biennium. However, the General Assembly has authorized a study to assess the space needs of the Legislature and the condition of the General Assembly Building. This study is to be completed by the Department of General Services by September 2005.

Agency Goals

JLARC's goals are based on the various statutory mandates for the agency:

- Provide the General Assembly with reliable and timely information for use in legislative decision-making.
- Monitor and report whether State agencies and programs are in compliance with legislative intent concerning appropriations and objectives.
- Determine whether State agencies and programs meet criteria of efficiency, effectiveness, and economy and make recommendations for improvements.

These three agency goals align with the agency's core values and the State's long-term goals to be the best managed state in the nation and to inform citizens to ensure that government serves their interests.

Service Area Plan: Background

JLARC has one service area, Performance Audits and Evaluation. This service area directly supports the agency mission to provide the General Assembly with an objective and vigorous oversight capability. It encompasses the full range of research and oversight activities of the agency, including the major evaluation studies, retirement system oversight, fiscal analysis, and other continuing responsibilities.

Service Area Plan: Objectives

JLARC has 11 service area objectives for the Performance Audits and Evaluation service area. Ten for those service area objectives are directly related to specific statutory requirements. These objectives are aligned with the State's goals to be recognized as the best managed state in the nation and to inform citizens to ensure that State government serves their interests. These objectives are:

1. Complete management, operational, program, and/or performance reviews and evaluations of State agencies and programs as directed by the General Assembly or the Commission in accordance with the Commission's general statutory authority and the Legislative Program Review and Evaluation Act.
2. Provide accurate and timely information about the effectiveness and efficiency of State agencies and programs to members of the General Assembly, other governmental entities, and the citizens of Virginia.
3. Develop report recommendations that will: help agencies to operate more efficiently, effectively, or economically; improve services; and identify and eliminate duplication, overlap, and poor performance.
4. Complete annual reviews of spending growth in State government and periodic reviews of expenditure forecasts.
5. Complete reviews of fiscal impact statements as requested by the chairs of the standing committees during sessions of the General Assembly.
6. Oversee and evaluate internal service funds in compliance with statute and legislative direction.
7. Oversee and evaluate the Virginia Retirement System in compliance with statute and legislative direction.
8. Evaluate compliance with, and impact of, the management agreements for State-supported institutions of higher education and report the findings to the General Assembly.
9. Monitor agency implementation of Commission recommendations and prepare follow-up studies on completed reports as necessary.
10. Complete other oversight responsibilities such as participation in debt capacity and inmate forecasting committees.

One additional service area objective is related to the operation of the agency and is essential to the attainment of the agency goal to provide the General Assembly with reliable and timely research and information. This objective is:

11. Continuously enhance JLARC research processes and practices, staff skills and abilities, and information technology resources.

Service Area Plan: Strategies

JLARC has ten strategies to ensure that it will accomplish the objectives set out in this plan. These strategies have been in use for several years and have contributed to JLARC's success and recognition as a national leader in program evaluation and performance auditing. The ten strategies are:

1. Recruit highly qualified staff and use training to maintain and enhance specific skills related to research, analysis, writing, technology, and management.
2. Maintain written standards of practice in the form of a professional ethics guide, a research guide, a writing style guide, an administrative manual, and a records management guide.
3. Use rigorous research methods and state-of-the-art analytical techniques to produce accurate and reliable information.
4. Develop a detailed research plan for every evaluation and performance audit and require management approval of research plans.
5. Establish specific deadlines and deliverables for every research assignment.
6. Use new technology, where appropriate and cost effective, to improve productivity and enhance analytical capabilities.
7. Establish standard formats and techniques for the presentation of information in JLARC reports, presentations, and other documents.
8. Apply a multi-step internal quality control process to every study report.
9. Expose before publication the information, findings, and recommendations of JLARC reports to the agencies that are the subject of the evaluation or audit to verify the accu-

racy of information and the reasonableness of findings and recommendations.

10. Follow-up periodically on the progress of agencies in implementing the recommendations of JLARC reports.

Service Area Plan: Performance Measures

JLARC has five performance indicators that are related to the informational, performance audit, and evaluation products which result from the agency's research. These five measures are:

1. The number of informational, evaluative, performance, and investigative products provided to the General Assembly and others.

Frequency: Annual.

Source and Calculation: A count of the number of products provided, to include at least the following: major evaluation reports, special reports, VRS oversight reports, sub-committee reports, Commission briefings, presentations to standing committees, presentations to civic, professional, or other organizations, fiscal impact statements, informational memos, journal articles, and papers for professional organizations.

Baseline: A new measure, so no baseline is available.

Target: The number of products will vary based on the number of requests.

2. The percentage of organizational products completed on or before the established reporting deadline.

Frequency: Annual.

Source and Calculation: A comparison of the actual reporting date of JLARC work products with the planned reporting date from the approved workplan.

Baseline: 100 percent.

Target: 100 percent.

3. The percentage of recommendations made or options presented four years ago that have since been implemented or addressed affirmatively by the agencies or the General Assembly.

Frequency: Biennial.

Source and Calculation: A comparison of the number of all recommendations and options made four years ago with the number of those recommendations and options that have subsequently been implemented by the agencies, as reported by the agencies, or by the General Assembly through legislative action.

Baseline: A new measure, so no baseline is available.

Target: 75 percent.

4. The potential and actual dollar savings from the recommendations of evaluation and performance audit reports completed in the past four years.

Frequency: Biennial.

Source and Calculation: The estimated potential savings from JLARC reports and the actual savings reported by the agencies over the past four years. Calculation of the estimated and actual savings will vary based on the exact nature of the recommendation.

Baseline: A new measure, so no baseline is available.

Target: The nature of the research topics assigned to JLARC by the General Assembly from year to year can vary considerably. The organizational commitment is to identify and document legitimate opportunities to achieve savings, where applicable, within the study areas determined by the General Assembly.

5. The cumulative potential and actual dollar savings from the recommendations of evaluation and performance audit reports.

Frequency: Biennial.

Source and Calculation: The estimated potential savings from JLARC reports and the actual savings reported by the agencies. Calculation of the estimated and actual savings will vary based on the exact nature of the recommendation.

Baseline: \$473 million since 1975.

Target: The nature of the research topics assigned to JLARC by the General Assembly from year to year can vary considerably. The organizational commitment is to identify and document legitimate opportunities to achieve savings, where applicable, within the study areas determined by the General Assembly.