



Office of the Washington State Auditor

Pat McCarthy

Puget Sound Finance Officers Association

Building A Continuous Improvement Mindset In Your Team: SAO Is Your Partner

February 13, 2019

Steven Thomson, PhD

SAO Vision: Increased Trust In Government



Assist state and local governments to be fiscally accountable and high-performing organizations.

Center for Government Innovation



Innovative solutions that meet governments' needs

FIT FINANCIAL
INTELLIGENCE
TOOL

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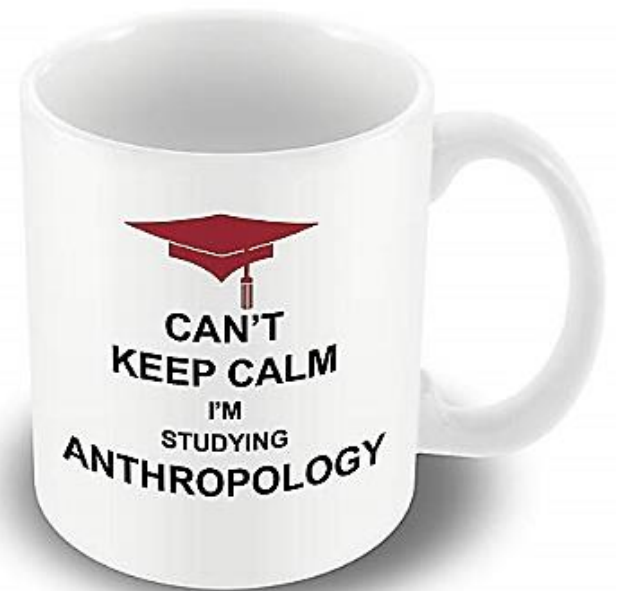


2,000 Local Governments in WA

37 different types of local governments



Multiple Perspectives

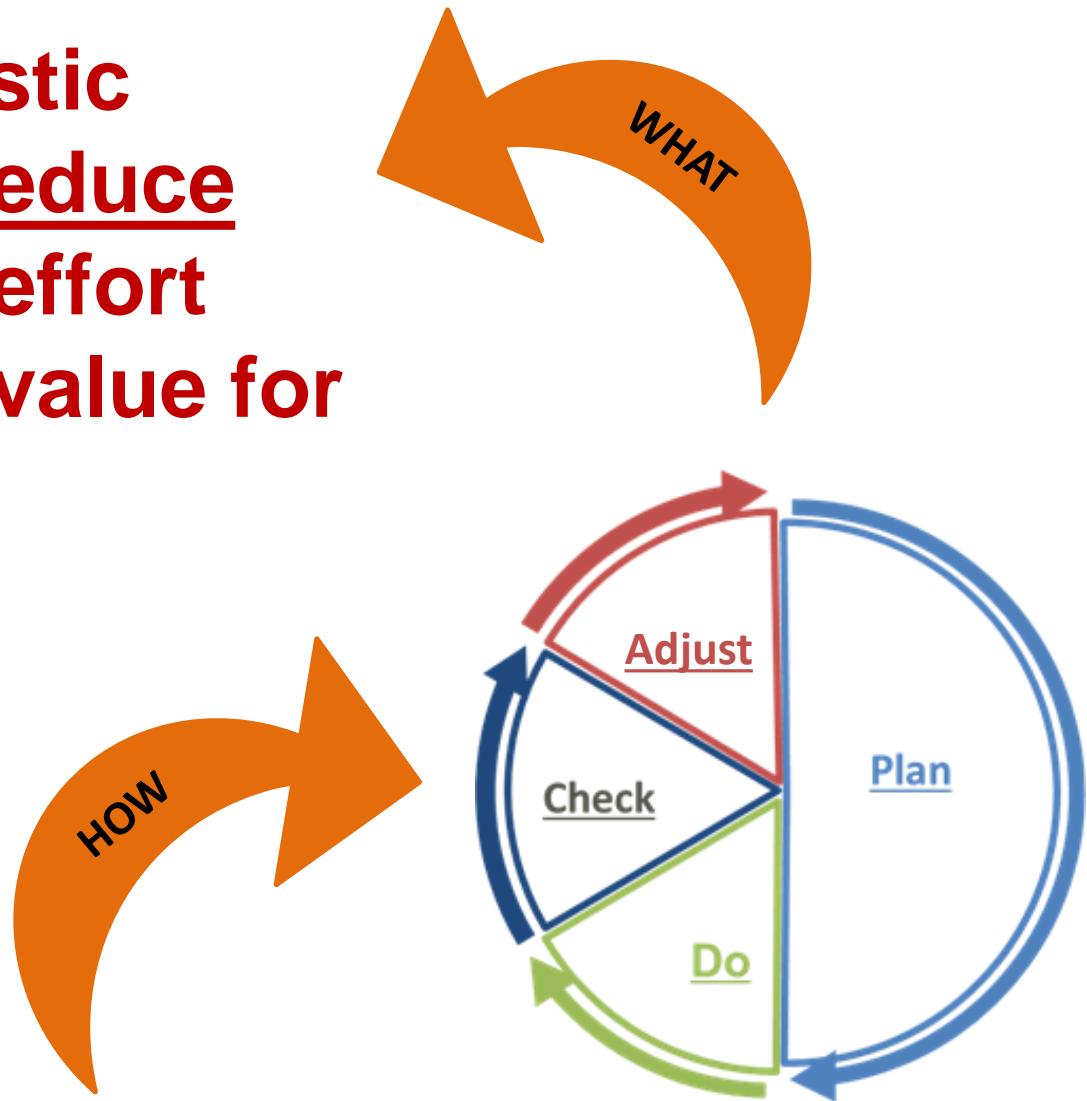


Today's Topics

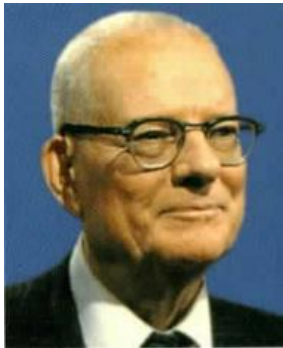
- ✓ Done!
1. What is the Center for Government Innovation and who am I?
 2. What is Lean?
 3. How does the Center help build a continuous improvement mindset?
 4. Share some experiences applying Lean to the work of finance departments.

The Core of Lean

Lean is a holistic approach to reduce unnecessary effort and increase value for the customer.



Lean = Continuous Improvement Methodology



Lean work
1927 - 1993

Dr. W. Edwards Deming

“A leader is a coach, not a judge.”



Toyota Production System

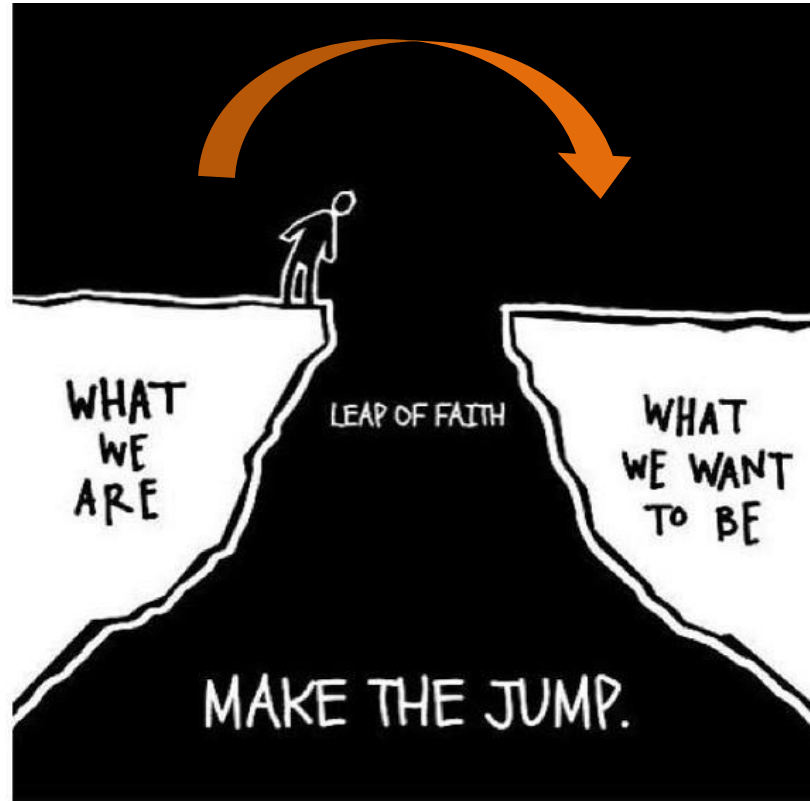


Lean work
1975 - Present

Dr. James Womack

Lean is a word, not an acronym.

Value is Defined by the Customer



Customer Focused

Lean is Based on 5 P's

Purpose	vision, values, strategies
Process	efficient flow of customer value with standardization to eliminate waste
People	engaged and involved to continuously solve problems and improve processes
Problems Solved	capability to identify problems and find system-wide solutions
Principles	core concepts create a consistent approach and common vocabulary

Who is your customer?



Simon Sinek: Start With Why

Lean: thinking about process

Creating flow through the elimination of waste

Process is a repeatable series of activities:

RECEIVE
something from
someone

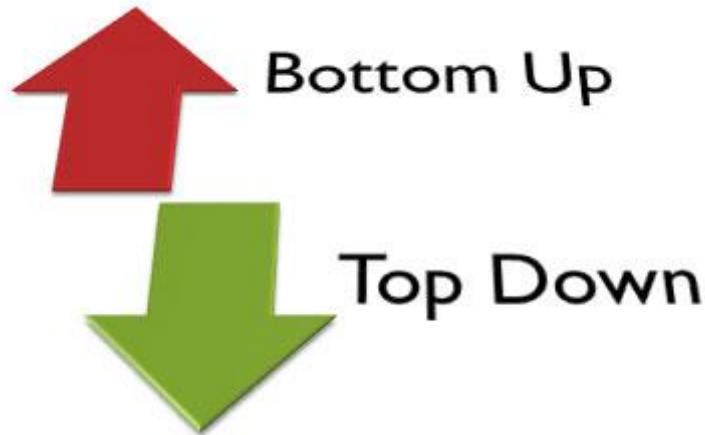
DO something
that adds "value"

GIVE something
to someone

Flow

Subject Matter Experts

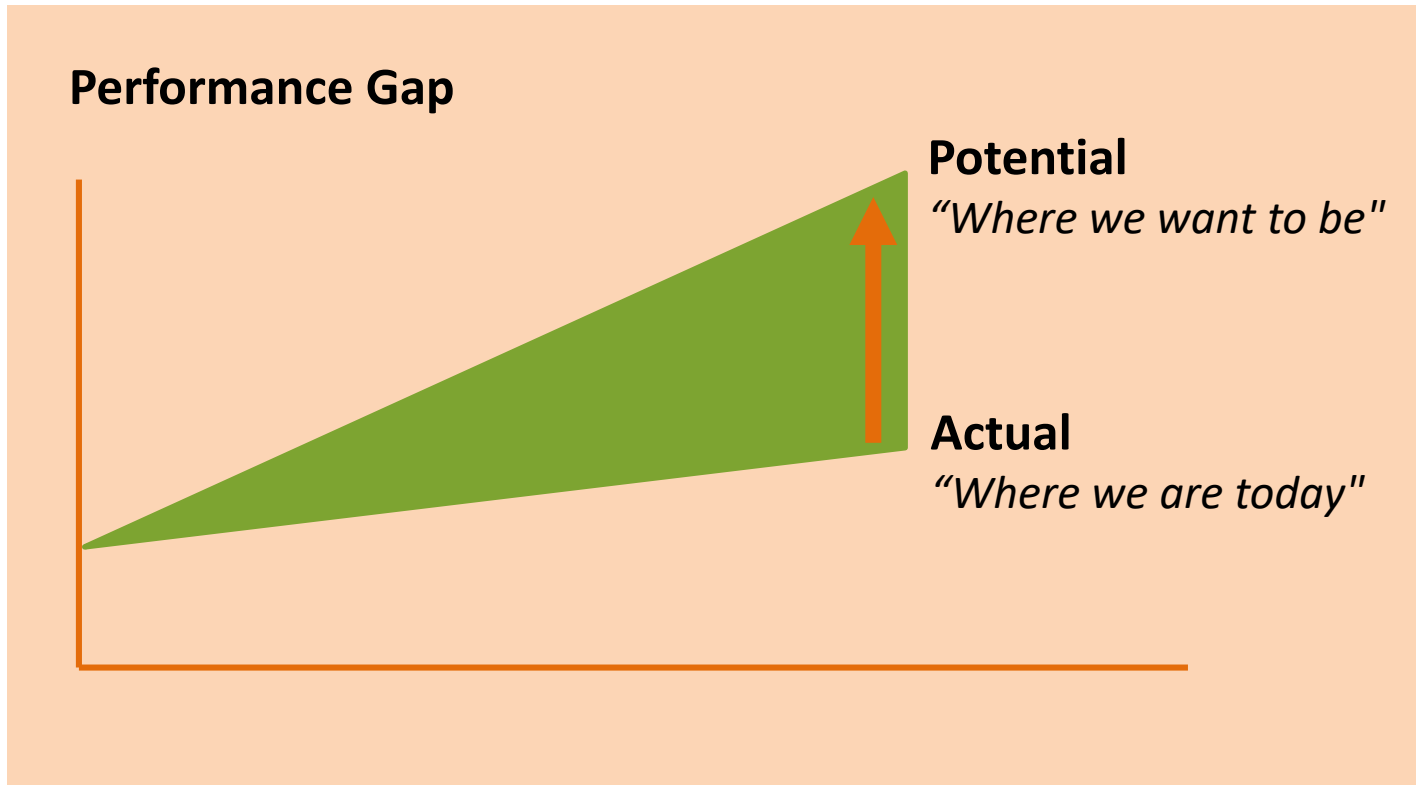
- ✓ Work together as a team
- ✓ Collect data
- ✓ Speak truth to power
- ✓ Propose solutions
- ✓ Implement plans



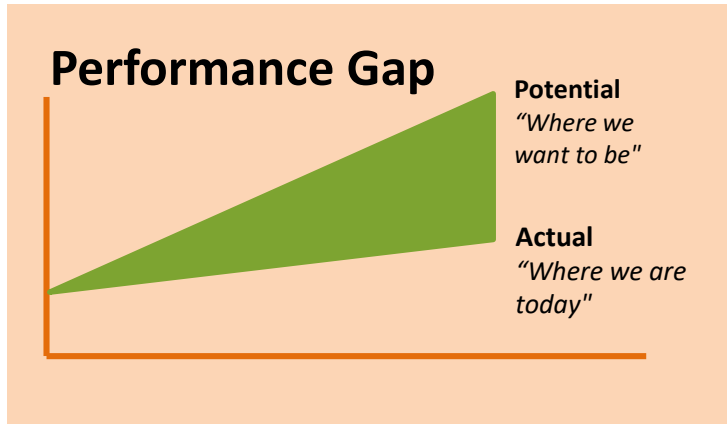
Leadership establishes & sustains the Lean culture.

Leadership Role

- ✓ Select where to focus improvement efforts
- ✓ Define process excellence and set goals
- ✓ Assign resources with realistic expectations
- ✓ Monitor progress and accountability
- ✓ Clear obstacles for team
- ✓ Recognize and celebrate accomplishments



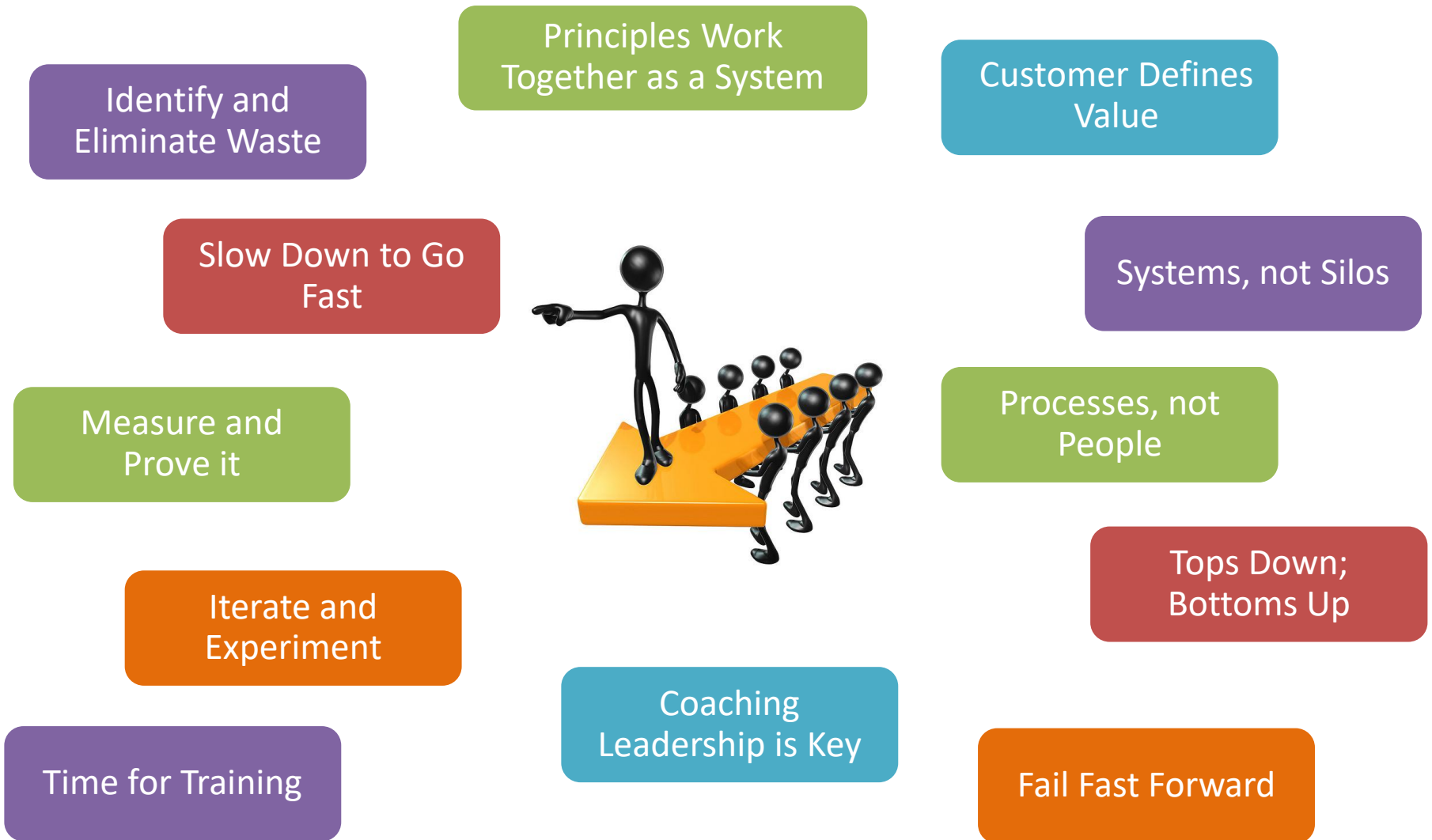
Identify a clear problem
Form the right team
Structure the approach
Apply P-D-C-A



Right people
+ robust tools
+ system thinking =
unexpected gains and
sustained improvements



5 P's Principles are Foundation for Team Success



Building Capacity In Your Team

Purpose

Process

People

Problems Solved

Principles

Learn by doing:
Facilitation

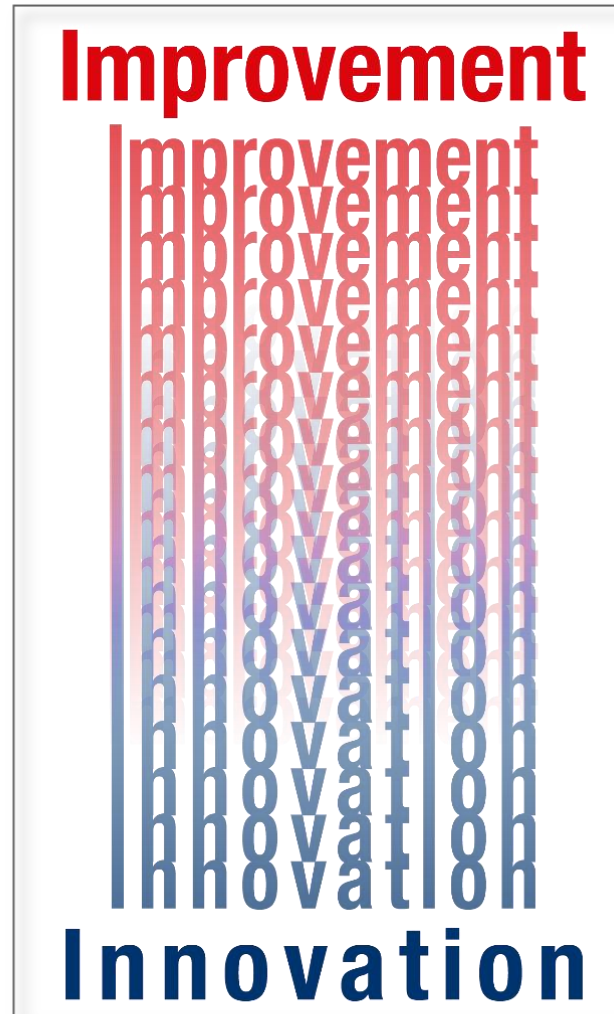


Learn to do it:
Training



Learn with a do-er:
Technical Assistance

Lean: “Just a Little Bit Better” and “The Big Leap”



Lean is a Family of Approaches

Strategic Planning

- Vision and mission
- Initiatives
- Performance measures

User Experience (UX)

- Community engagement
- Best practices
- Identify emerging needs

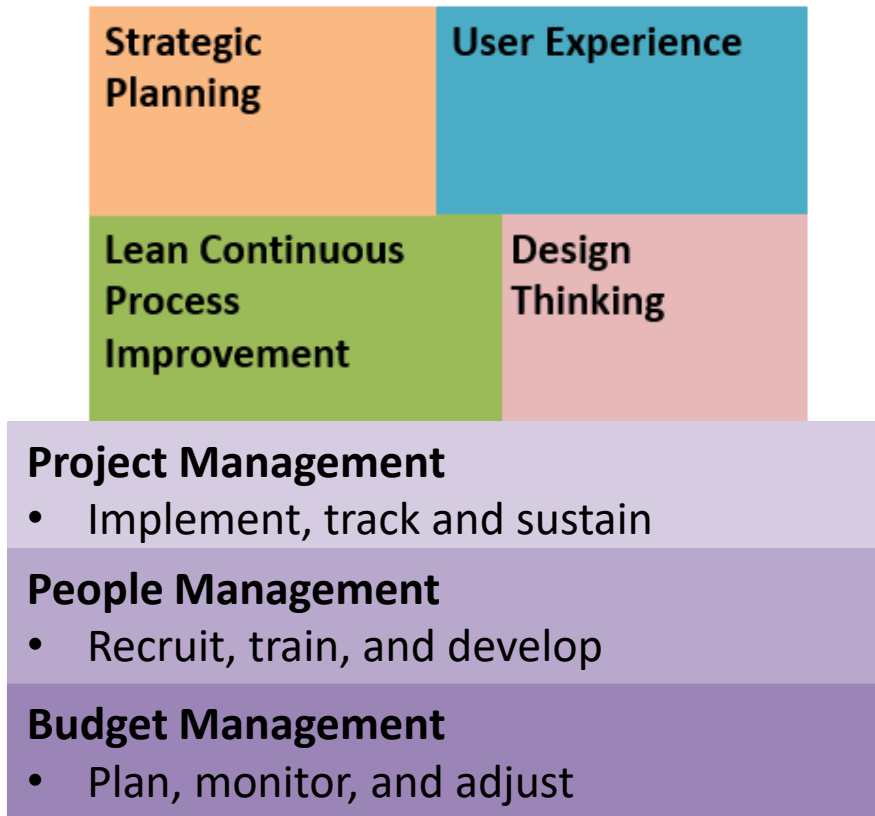
Lean Continuous Process Improvement

- Structured methodology
- Roles for leaders and teams
- Visual management

Design Thinking

- Creativity
- Prototyping
- Exploring alternatives

Lean Management: A Family of Approaches



Shared Leadership Practices

- 1) Set a clear intention, a vision of a future state
- 2) Assemble a team
- 3) Give clear parameters and boundaries
- 4) Champion the proposals brought forward
- 5) Recognize effort, identify lessons learned, maintain 'risk positive' attitude

Lean Applied in Finance Departments

- Shift and Share – Hear from Your Peers
- Presenters:



Jen Becht

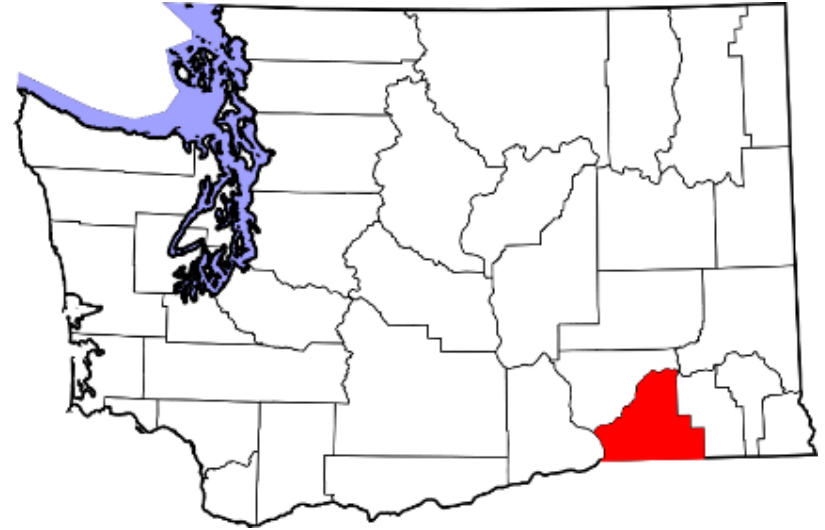


Tracey Dunlap



DeWayne Pitts

Walla Walla County Treasurer



3 person process

- Responsible for recording revenue accurately
- Current system relied on many double checks
- Network with neighboring County suggested Lean

Walla Walla County Treasurer

to

Job

Purpose

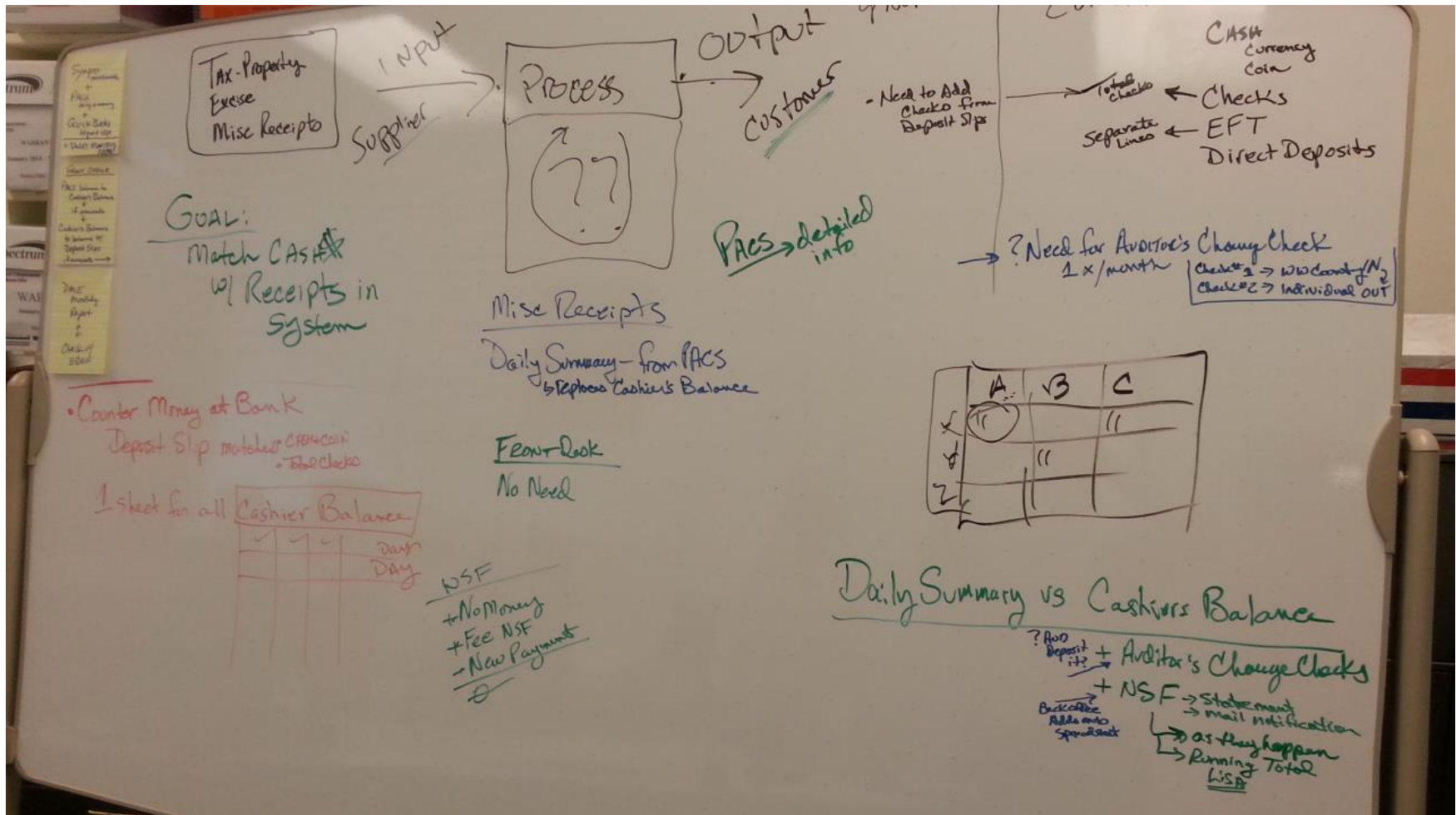


Date	Description	From/To	Earnings	Spendings
1/7/14	Rate for cleaning stalls: \$5 per hour			
1/10/14	Cleaning stalls		\$40.00	
1/10/14	Paying Dad for cat litter			\$3.00
1/27/14	Paper organizing thing	Thrift store		\$2.00
2/3/14	Payment for horse scooping (10 days)	Johnsons	\$40.00	
2/19/14	Paying sis for loading dishes twice			\$0.75
2/27/14	Cleaning stalls		\$100.00	
3/2/14	Cleaning stalls		\$20.00	
3/2/14	Tithing for Jan/Feb 2014-\$200	CCoS		\$20.00
3/15/14	Halter and lead for Feather	4th Tack Shop		\$5.00
4/4/14	Selling Breyer horse		\$12.46	
4/5/14	Cleaning stalls		\$40.00	
			\$200.00	\$52.46
			\$252.46	\$30.75
				\$221.71



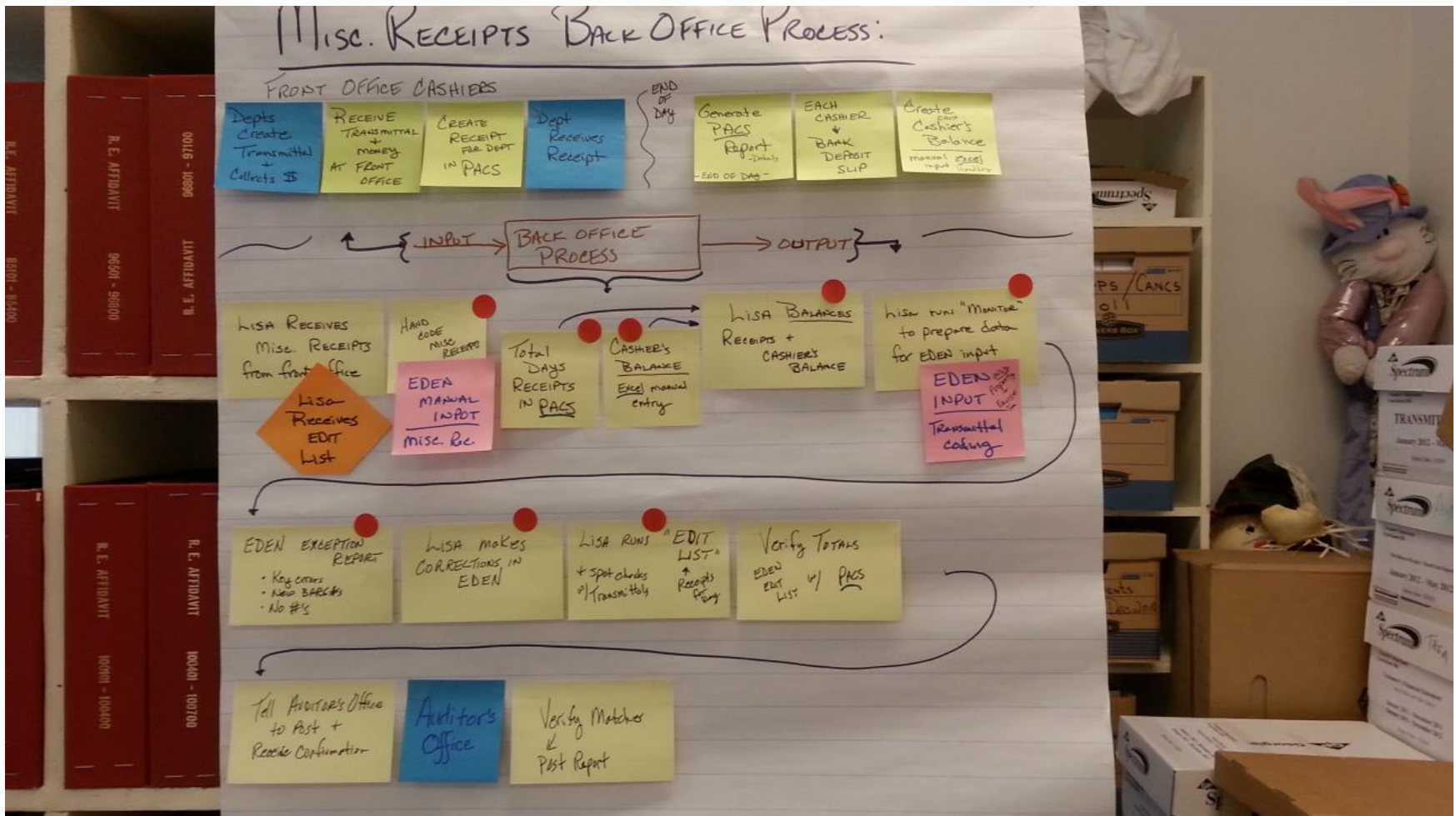
Walla Walla County Treasurer

Whiteboard conversations and verbal explanations ...



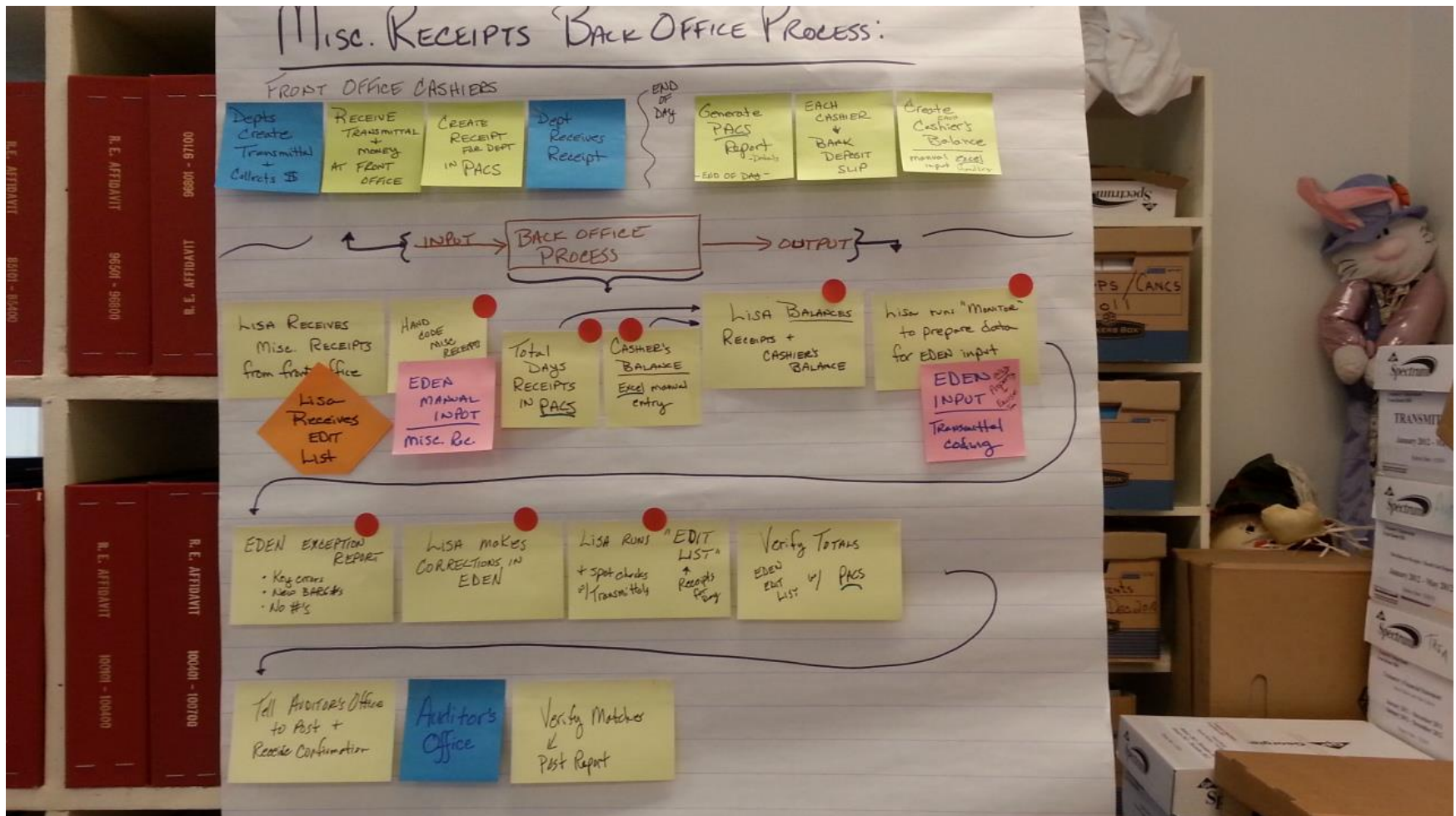
Walla Walla County Treasurer

led to a current state map of a 1 person process ...



Walla Walla County Treasurer

with red dots identifying overprocessing steps.



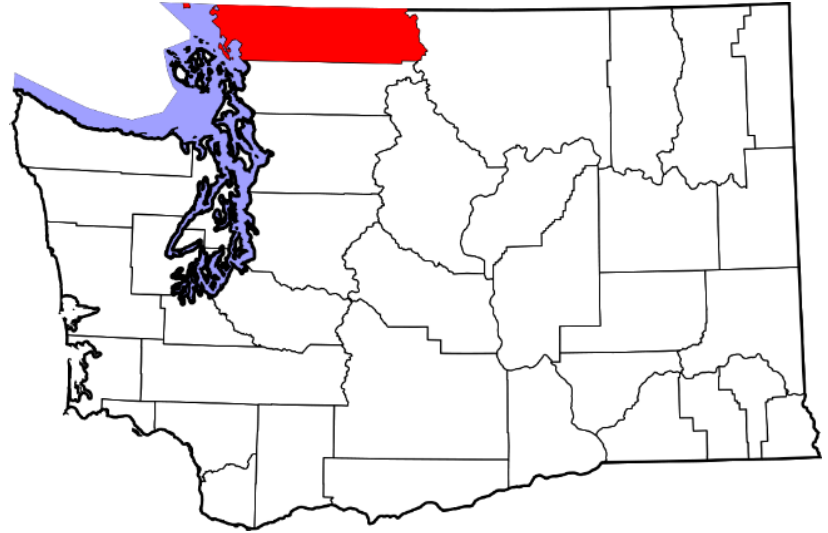
Walla Walla County Treasurer

Lessons:

- ✓ don't map if purpose isn't clear
- ✓ one-person sub-process
- ✓ duplicate data entry eliminated



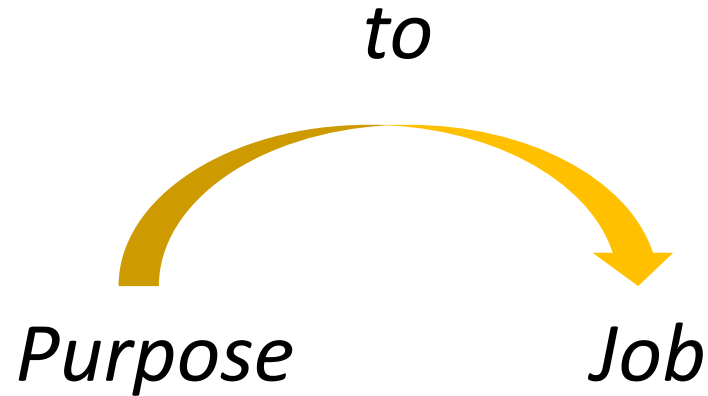
Whatcom County Treasurer



1 person process

- Auto-pay debits property taxes directly from a taxpayer's bank account
- One person does it all
- He 'just knew' it could be better

Improving a One Person Process



Improving a One Person Process

Auto-Pay

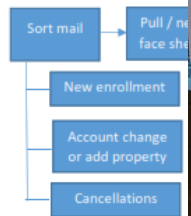
BACKGROUND

Auto-pay provides convenience and provides the assurance that the taxpayer's payment is received after the cut off date.

CURRENT CONDITIONS

Taxpayers generally sign up at the counter.

New enrollments are cut off 10 days before the cut off date.



GOAL

Make it easier and more efficient.

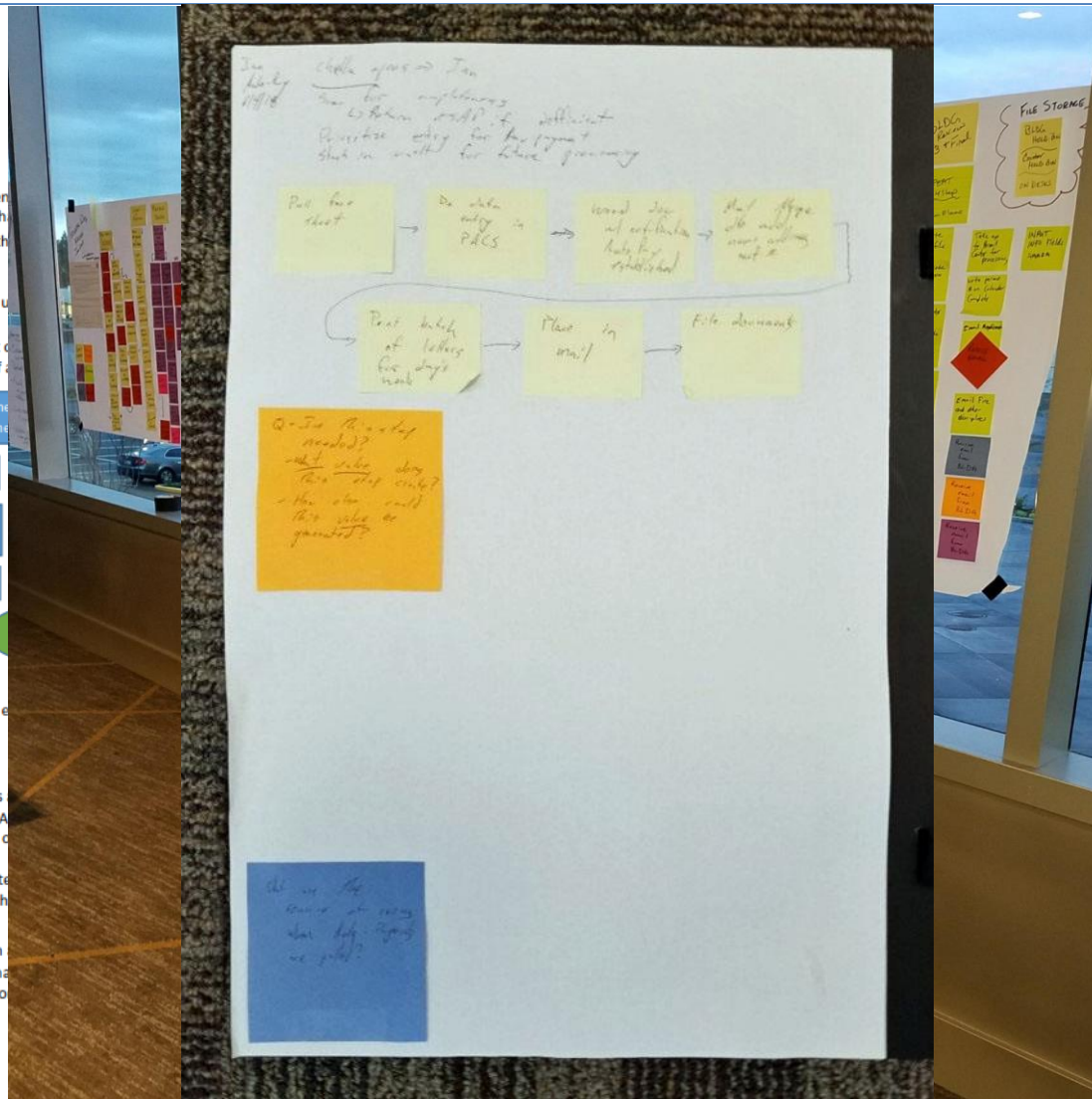
ANALYSIS

Sort Mail

- Incomplete forms
- Most changes to Auto-Pay forms for change of address are rarely used.
- The taxpayer's intent is not clear.
- Processing a batch of forms is time-consuming.

Documentation

- For accounts with no payment history
- Some taxpayers have no payment history
- Data would be more useful



Auto-pay is a service that allows taxpayers to pay their taxes automatically. It is a convenient and secure way to pay taxes, and it can help taxpayers avoid late fees and penalties. Auto-pay is available for all taxpayers who have a valid tax account and who are not under a tax lien or levy. To enroll in auto-pay, taxpayers must provide a valid bank account number and routing number. Once enrolled, taxpayers can choose to pay their taxes automatically each month or each quarter. Auto-pay is a great way to stay on top of tax payments and avoid the stress of remembering to pay on time.

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Check-in	Target for Implementation
8	9/1/18
	12/31/18
	12/31/18
	11/15/18

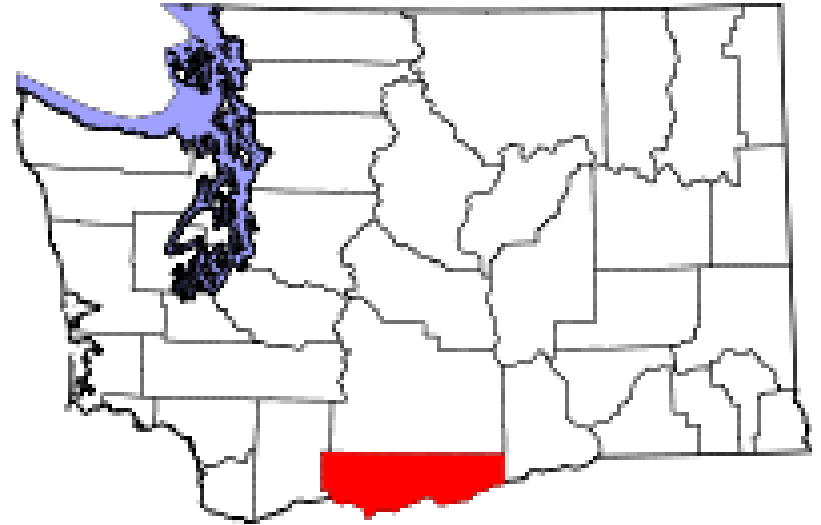
Improving a One Person Process

Lessons

- ✓ When purpose is clear, go straight to mapping.
- ✓ Work is short, sweet and 'on the side'.
- ✓ Sustain change by working with managers.



Klickitat County Fairgrounds Rental

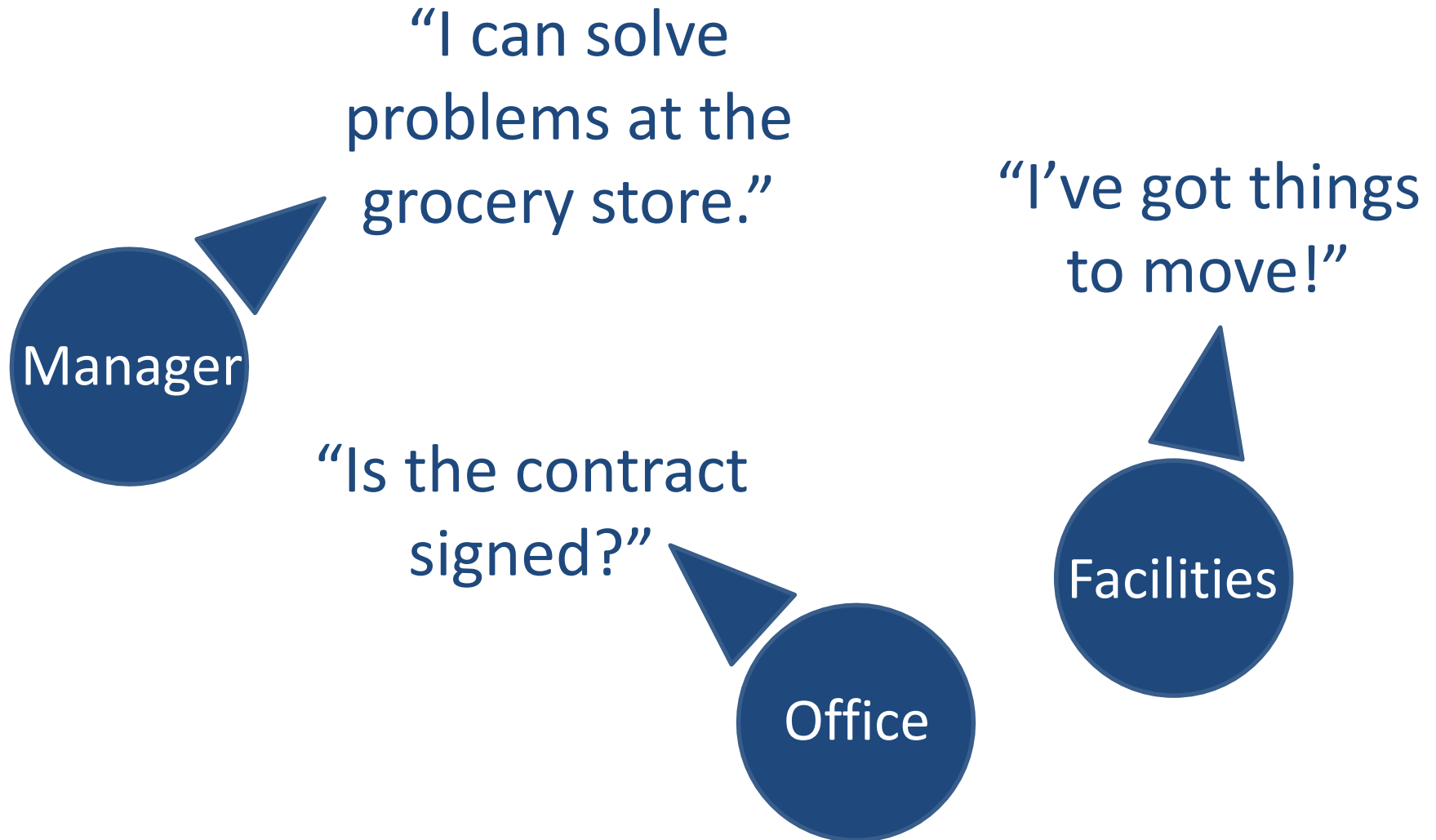


5 person process

- Significant staff turn over
- Increasing number of fairground events
- New, stable team needed a clear rental process

Next Section

“I Know My Job”



“Stay In Your Lane”



The Emergence of "The Board"

Event	Event Dates	Requested FORMS	Pre-Event Meeting	To BOCC	Pre/Post Event Walk-through	Finalized	Question/Comments
Demo Derby	Set up 6/31 Event 7/1 Clean up 7/2	Application ✓ Insurance ✓ Food Co. ✓ Liquor ✓	4/20	6/20 - No issue	1:30 walk Pre 12:30 4/29 Post 1:30 7/3 Post	Invoice Sent Damage Pending	
Back to School Bash	No Setup Event 8/5 No Clean up	Application ✓ Insurance ✓ Food NA Liquor NA	None	7/25/17	8/3 @ 10:30 No Post	Invoice Sent 8/6/17	
Goldendale Oreg Mule Night	No Setup Event 8/12-12 No Clean up	Application ✓ Insurance ✓ Food NA Liquor NA	No	8/6/17	8/11 @ 11:30 No Post	Invoice Sent 8/14	
2017 CO UNTY FA	IR		4/28 @ 10 am 8/14 @ 9 am	NA	7/21/17-Pre 8/29/17-Post	NA	
Solar Eclipse Viewing CH Lawn	Setup: NA Event: 8/21 @ 11 Cleanup: NA	Application ✓ Insurance ✓ Food NA Liquor NA	NA	8/10/17	NA	PA 8/10/17	
The Wall That Heals Fairgrounds	Set up: 8/30 Event: 8/31-9/3 Cleanup: 9/4	Application ✓ Insurance ✓ Food NA Liquor NA		?	8/28 @ 4pm	No charge	
Walters Wedding Fairgrounds	Setup: 9/12 Event: 9/15 Cleanup: 9/16	Application ✓ Insurance ✓ Food ✓ Liquor ✓	1st 2/23 2nd 9/7 @ 5pm			PA 1/2 2/23	
4-H Adult Horse Camp Fairgrounds	Setup: 9/18 Event: 9/19-20/1 Cleanup: NA	Application ✓ Insurance ✓ Food ✓ Liquor NA					
4-H RV Camping Quilt Retreat	Setup: NA Event: 9/15-9/16 Cleanup: NA	Application ✓ Insurance ✓ Food NA Liquor NA	N/A		NA	NA	
Switz - Evans Wedding	Setup: 10/10 Event: 10/11 Cleanup: 10/12	Application ✓ Insurance ✓ Food ✓ Liquor ✓	7/3/17			PA 1/2 7/3	
PRE Sings Poultry/Rabbit	8/15						

On The Same Page, uh Board

Event	Event Dates	Requested FORMS	Pre-Event Meeting	To BOCC	Pre/Post Event Walk-through	Finalized	Question/Comments
Demo Derby	Set up 6/31 Event 7/1 Clean up 7/2	Application ✓ Insurance ✓ Food Co. ✓ Liab. ✓	4/20	6/20 - NA	1:30-4:30 Pre 11:30-4:30 Post 1:30-7:30 Post	Invoice Sent Damage Pending	
Back to School Bash	No Setup Event 8/5 No Cleanup	Application ✓ Insurance ✓ Food NA Liab. NA	None	7/25/17	8/5 @ 10:30 No Post	Invoice Sent 8/6/17	
Goldendale Oreg Movie Night	No Setup Event 8/2 5-12 No Cleanup	Application ✓ Insurance ✓ Food NA Liab. NA	NA	8/8/17	8/11 @ 11:30 No Post	Invoice Sent 8/11	
2017 COUNTY FA		IR	6/28 @ 10 am 8/11 @ 9 am	NA	7/21/17-PEG 8/29/17-POST	NA	
Solar Eclipse Viewing City Lawn	Setup: NA Event: 8/21 @ 11 Cleanup: NA	Application ✓ Insurance ✓ Food NA Liab. NA	NA	8/10/17	NA	PD 8/10/17	
The Wall That Heals Fairgrounds	Setup: 8/30 Event: 8/31-9/3 Cleanup: 9/4	Application ✓ Insurance ✓ Food NA Liab. NA	?		8/28 @ 4pm	No Change	
Walters Wedding Fairgrounds	Setup: 9/12 Event: 9/13 Cleanup: 9/14	Application ✓ Insurance ✓ Food ✓ Liab. ✓			1st 2/23 2nd 9/7 @ 8pm	PD 1/2 2/23	
4 H Adult Horse Camp Fairgrounds	Setup: 9/10 Event: 9/11-9/11 Cleanup: NA	Application ✓ Insurance ✓ Food NA Liab. NA					
Fairgrounds 4-H RV Camping Quilt Retreat	Setup: NA Event: 9/11-9/15 Cleanup: NA	Application ✓ Insurance ✓ Food NA Liab. NA	NA		NA	NA	
Swift - Evans Wedding	Setup: 10/20 Event: 10/21 Cleanup: 10/21	Application ✓ Insurance ✓ Food ✓ Liab. ✓	7/3/17			PD 1/2 7/3	
PRE S110W Municipality/Rabbit	8/15						

“It is a great way to *not* have to track someone down.”

Gordon Kelsey,
Director of Public
Works

On The Same Page, uh Board

Lessons:

- ✓ Don't huddle, just know and go.
- ✓ Clear purpose → focus on communication.
- ✓ My job is to make my job transparent.
- ✓ 10 minutes of teaching and leave.



Center for Government Innovation



Innovative solutions that meet governments' needs

The Center offers more than just Lean.



A New Look – And New Content



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Pat McCarthy

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Recently Published and Timely

- ❑ Checklist for Preparing GAAP Financial Statements
- ❑ Using Others' Bid Awards ('Piggybacking')
- ❑ Best Practices for Internal Controls over Small and Attractive Assets
- ❑ Checklist for Capital Assets

A New Look – And New Content



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Resources Database

In Development and Soon to Be Published

- ❑ GASB 83 Guidance
- ❑ Best Practices for Change Orders
- ❑ Guide on Segregation of Duties

FIT: Financial Intelligence Tool



Office of the Washington State Auditor



Financial
Intelligence
Tool

/ Explore Data / By Individual Government / Issaquah Cemetery District 4 / Revenues

Menu ▾

Link to this page:

<http://evergreen02.thinkfe>

Displaying data from:

(2): 2016 Filing Milesto... ▾



Explore Data



Find a Government

Port of Seattle × New Tab × + New Search

Great! Get started finding a government.

✓ Find on Map

Find by Government Name

Address or zip code



Select a government type



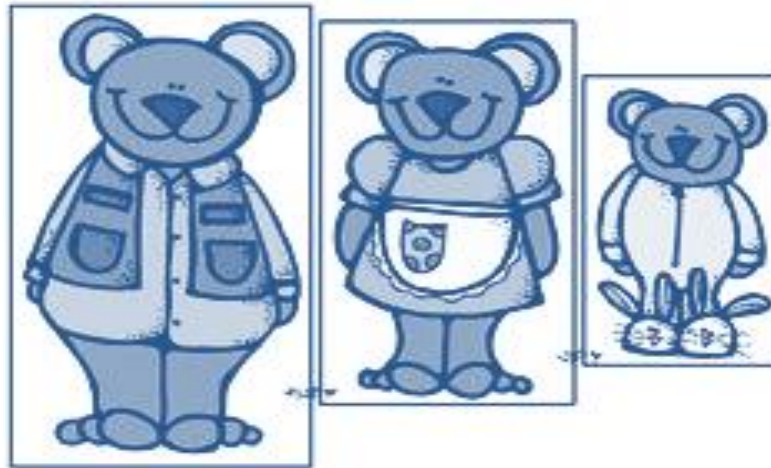
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<input checked="" type="radio"/> 484 Evergreen Drive, LLC	
<input type="radio"/> Aberdeen School District No 5	
<input type="radio"/> Aberdeen Transportation Benefit District	
<input type="radio"/> Adams Conservation District	
<input type="radio"/> Adams County	
<input type="radio"/> Adams County Cemetery District No 1	
<input type="radio"/> Adams County Cemetery District No 2	
<input type="radio"/> Adams County Cemetery District No 3 (Lind Cemetery)	
<input type="radio"/> Adams County Fire Protection District No 1	
<input type="radio"/> Adams County Fire Protection District No 2	
<input type="radio"/> Adams County Fire Protection District No 4	



This report includes annual filing data submitted and published as of December 10, 2018. Filing status for specific governments can be found [here](#).

Conclusions

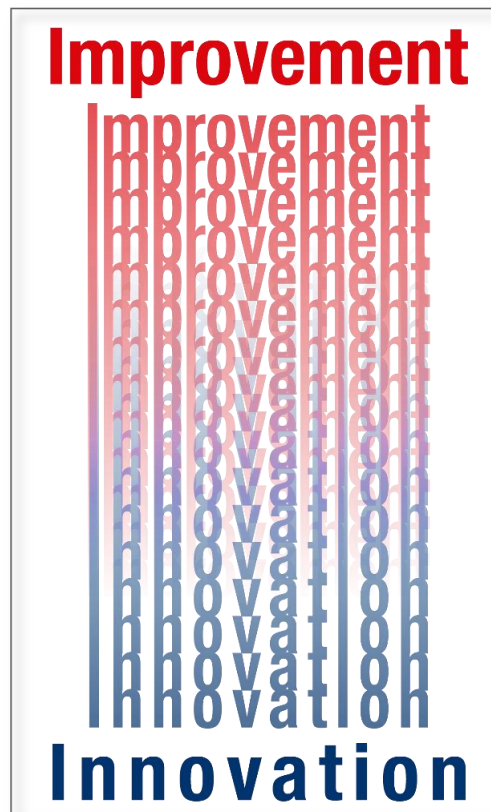
Lean = Lean = Lean



Small, medium or large,
we meet you where you are at.

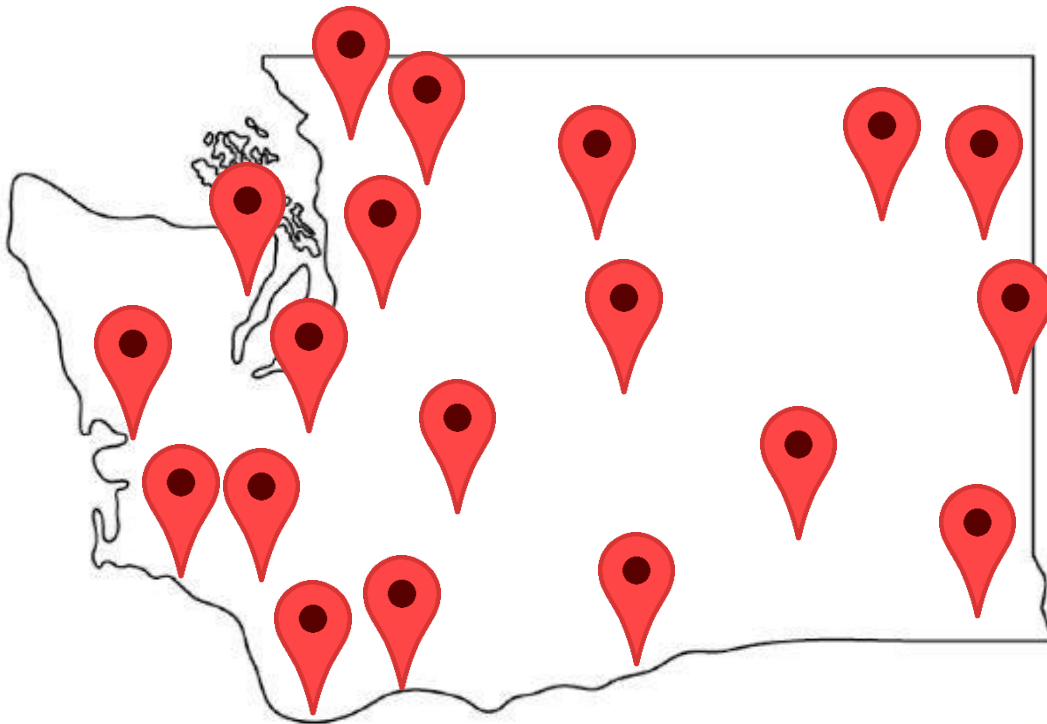
Conclusions

Innovation and improvement in every part of your organization.



Conclusions

We understand that
local government is profoundly local.



Conclusions



Contact the Center for Government Innovation
at center@sao.wa.gov or (360)725-5621.