

## **Audit Team Comments on the LESA Response of January 11, 2010**

LESA's 39-page response to our report appears under separate cover. Comments by the audit team appear here on the next nine pages.

The LESA response contains new information that should, in a normal audit process, be handled as part of the "technical review" of a draft audit report. Despite our requests for a technical review, LESA did not respond substantively in a timely manner to the two draft reports (October 7 and November 19), and we then presented the preliminary report on December 3 at a meeting of the Performance Audit Committee. Now, given the new information and somewhat extreme opinions expressed in the LESA response of January 11, 2010, there appears to be no chance of engaging the agency in private discussions to resolve or reduce our differences.

The LESA response maintains that the *Quality Assurance Review* is wrong on virtually all points and that LESA is right on almost everything except for a few trivial mistakes in the *PSAP Assessment Study* that do not affect the overall integrity and accuracy of that work.

Our comments are organized as follows:

1. Objectives and Results of the Quality Assurance Review
2. Summary of the LESA Response
3. Audit Team Comments on the LESA Response
4. Conclusion.

### **1. Objectives and Results of the Quality Assurance Review**

The review was undertaken to evaluate to what extent the *PSAP Assessment Study* by a LESA consultant meets performance audit standards, as defined in *Government Auditing Standards*, July 2007 revision, published by the U.S. Government Accountability Office (also known as the Yellow Book). To that end, Pierce County performance audit staff and an experienced audit contractor reviewed the LESA report with two objectives:

- Assess whether the LESA report meets the standard of auditor independence, and
- Assess whether it contains sufficient and appropriate evidence to support the findings and conclusions.

The answer was "No" for each objective, as discussed in the Executive Summary, pp. ii – iii, and in the fuller analysis in the body of the report, pp. 5 – 17.

Our main conclusion was that the LESA consultant's study did not provide a basis for policy making by local government. We have thoroughly reviewed and documented our work and stand by the final report.

## **2. Summary of the LESA Response**

The one-page Executive Summary in the LESA response does not summarize the contents of the agency's response. The LESA response covers the following 12 topics.

1. Background information on the *PSAP Assessment Study* (pp. 2 – 9).
2. An explanation of why and when the *PSAP Assessment Study* was called a performance audit – namely, that it is a performance audit by 911 industry standards, that it was not intended as a Yellow Book performance audit and never represented itself as such, and that the term “audit” was used in connection with the study as early as November 2007 (pp. 10 – 11).
3. Allegations that Matt Temmel of the performance audit staff and Patrick Kenney, Director of Budget and Finance, were informed in late 2007, “from the very outset” (page 11), that the *PSAP Assessment Study* was an “audit” by 911 industry standards, and therefore Temmel was aware “for the last three years” (page 13) that the study was not a Yellow Book audit. The suggestion is that it made no sense in 2009 to use the Yellow Book as the standard for reviewing the *PSAP Assessment Study*.
4. A discussion of the independence of LESA contractor Robert “Russ” Russell, with assurances that Russell retained his independence despite being paid by LESA, and denying that LESA management made key decisions that affected the direction and outcome of the project (pages 15 – 19).
5. A discussion of data errors noted in the *Quality Assurance Review*, insisting that the errors are minimal and do not significantly affect the *PSAP Assessment Study* results (pages 19 – 22).
6. A discussion on the validity of using “cost per call” to compare PSAPs, including new information about what LESA costs are included (pp. 22 – 23).
7. A discussion of Net Available Work Hours, stating that the analysis was done by Mr. Russell, not LESA staff, and that the analysis was done correctly (pp. 23 – 26).
8. A discussion of Erlang C queuing methodology for calculating staffing requirements, stating that the analysis was done correctly (pp. 26 – 31).

9. A discussion of the APCO RETAINS formula for calculating staffing requirements (pp. 32 – 33), including the Agent Occupancy Rate (pp. 34 – 35), and stating that the analysis was done correctly.
10. A discussion of the validity of call-answering percentages across jurisdictions (pp. 35 – 37).
11. Unfavorable comments on a 2002 performance audit of 911 operations in King County (p. 38), about which the *Quality Assurance Review* spoke highly.
12. Comments on LESA’s budget situation (pp. 38 – 39).

### **3. Comments on the LESA Response**

#### **a. Performance Audit Standards**

The purpose of our review was to evaluate whether the *PSAP Assessment Study* meets performance audit standards as defined in the Yellow Book, not to determine what LESA intended. The record is clear on the following points.

1. The contract with Russell does not use the term “audit” or “performance audit.”
2. Minutes of the LESA Executive Board did not use either term until March 2009, one month before the report was finalized.
3. Draft reports of the *PSAP Assessment Study* first used the term “performance audit” in December 2008, about 18 months after the start of the project.
4. In a telephone interview on August 20, 2009, we asked contractor Russell a question that we prepared in advance: “Why is the report called a performance audit? The term is not in the contract. Where did the term come from, and when was it first used in the project?” According to our meeting notes, Russell replied: “Oh, it just came to me as I was writing.”
5. At the audit entrance meeting on September 1, 2009, LESA director Thomas Orr told the audit team that Mayor Bill Baarsma, a member of the LESA Executive Board, requested that Russell’s work be called a “performance audit” because it resembled such a work.
6. In an interview with two members of the audit team on September 4, 2009, Mayor Baarsma confirmed that he had requested calling the report a “performance audit” after being briefed on a draft report. He thought the work was similar to previous performance audit projects in the City of Tacoma.
7. Note that the LESA response does not mention the role of Mayor Baarsma in this matter.

8. LESA management received the Scope and Objectives in the audit notification letter on August 18, 2009, and the material was discussed at the entrance meeting on September 1. At the meeting, LESA management did not object to the use of Yellow Book standards or offer any information to suggest that the standards were not appropriate for the review.
9. At a meeting on October 16, 2010 to discuss our draft report (received by LESA on October 7), we were informed that LESA agreed that the *PSAP Assessment Study* was not a Yellow Book performance audit and was never intended as such. The agency director maintained that we should have known the *PSAP Assessment Study* was not a Yellow Book performance audit and that we did not have a “trademark” on the term performance audit.
10. At the meeting on October 16, LESA management asked what revisions we were willing to make in the draft report if LESA admitted in public that the *PSAP Assessment Study* was not a performance audit in the Yellow Book sense. That was the main LESA line of inquiry in meetings held on October 16, 20, and 22 to discuss the draft report. We agreed to provide another draft report, which was sent to the agency on November 19. It covered two additional topics that were not in the first draft report but were discussed extensively with LESA management and Mr. Russell – the Erlang analysis and the APCO analysis on the recommended number of call takers.
11. The LESA response states that the agency used the term “audit” in a document from November and December 2007, as quoted on pages 11 and 13 in the response, to the effect that LESA had retained “an elite consultant” to “conduct an audit of LESA Communication Center operations,” and that the study was known in the industry as a “PSAP Assessment Study.” According to the response, LESA provided that document at two meetings:
  - ❑ December 14, 2007, a meeting at which LESA gave written answers to written questions posed by Patrick Kenney, Director of Budget and Finance (pp. 11 and 13), and
  - ❑ “to the Reviewers at the initial meeting that began the Review” [September 1, 2009] (page 13, note 10).

Contrary to the LESA response, no member of the audit team received any such document, neither at the audit entrance meeting on September 1, 2009 nor at the meeting held in the Budget and Finance conference room on December 14, 2007.

The material discussed at the Budget and Finance meeting on December 14, 2007 included LESA’s written answers to 12 questions asked by Patrick Kenney. The documents discussed at the meeting do not contain a question “about assuring the efficiency of LESA Operations” (LESA response, page 13). The meeting documents

also do not contain the quotation that appears on page 11 and page 13 in the LESA response. At our request this week, Budget and Finance staff members pulled LESA materials from archives, but they could not find the 2007 quotation mentioning an “audit.”

The response (p. 14) says that LESA transmitted a draft copy of the *PSAP Assessment Study* to performance audit staff in March 2009 “with a transmittal letter that expressly stated it was being provided so that Mr. Temmel could review and make a determination as to whether a Performance Audit of the type he performs was necessary.”

That is news to us. According to our records, a LESA employee delivered a draft report of the *PSAP Assessment Study* (dated March 18, 2009) to the performance audit office on April 21, 2009 and left the report with Bill Vetter, who gave it to Matt Temmel a short time later. There was no transmittal letter.

#### **NOTE**

As discussed above, the written response by LESA states on pages 11 and 13 that the agency provided a document to Matt Temmel and Patrick Kenney in 2007, and discussed it with them at a meeting on December 14, 2007, which indicated that the LESA consultant was going to conduct “an audit” by industry standards. This suggests that it made no sense in 2009 to use the Yellow Book as the standard for reviewing the consultant’s work.

In testimony at the Performance Audit Committee meeting on January 21, 2010, LESA director Thomas Orr read aloud the material quoted on pages 11 and 13 of the LESA response and said he gave the document in 2007 to Michael Transue, the County Council budget consultant. In short, the testimony given on January 21 conflicts with the written response dated January 11.

We later wrote to Director Orr asking if he wanted to revise the written response in view of his testimony on January 21, and he did not reply. The written response stands as presented to the committee.

#### **b. Contractor Independence**

The LESA response maintains that the LESA contractor retained his independence. We disagree, as documented in the *Quality Assurance Review* (pp. 6 – 8). The fundamental point is that an agency cannot audit itself using a contractor paid by the agency.

On pp. 16 – 19, the LESA response attempts to contradict our finding that the LESA director, not the contractor, made key decisions that affected the conduct, emphasis, and tone of the *PSAP Assessment Study*. The response explains the lengthy and peculiar course of data collection by assigning responsibility to others, as follows:

- ❑ In late 2007 the agency is said to have intensified the search for better data because “Mr. Temmel challenged not only the accuracy of the data but also whether sufficient number of PSAPs had responded,” and also expressed concern that there had been “selective reporting.” “As a result,” LESA and the contractor “embarked on a broader data search” (p. 16).
- ❑ In November 2008 City of Tacoma management is said to have requested further information on calls per call taker and per dispatcher (p. 16), and therefore LESA conducted that analysis.
- ❑ In October 2008 City management is said to have “tasked” LESA to expand its analysis to include comparisons based on call takers and dispatchers as opposed to only total communication staff. “Thus,” the response states (p. 17), “the decision to include this kind of analysis was made by City Management and not LESA Management.”
- ❑ Earlier in 2008, the agency decided to supplement contractor data collection by issuing public disclosure requests to other PSAPs. This is said (p. 16) to have occurred because the LESA attorney suggested the approach, discussed it with contractor Russell, and both then recommended that course of action to the LESA Director.

These assertions, if valid, tend to assign responsibility to others and minimize the role of the LESA director in data collection decisions. The assertions also suggest that the contractor was not independent and played a minor role in data collection on key issues.

### **c. Data Errors**

We disagree with the LESA response that the data errors are minimal.

Appendix 3 in the *Quality Assurance Review* (pp. 25 – 40) reviews each of the 44 “findings” in the *PSAP Assessment Study*, identifies many issues about reliability and validity of the reported data, and calls into question key data and some of the analytical techniques. Interestingly, the LESA response does not refer at all to Appendix 3.

The LESA response claims that the audit team narrowly focused on “minor” data issues to the exclusion of the full report document (pp. 10 and 19 – 20). Appendix 3 is a comprehensive review and critique of the *PSAP Assessment Study*.

### **d. Cost per Call**

It is hard to accept that the reported staffing and funding are comparable across 911 agencies without having a detailed assessment of the varying responsibilities and workload of the agencies. The comparability issue is especially important because LESA has a unique structure and responsibilities.

The LESA response (p. 22) says that the reported costs for LESA Communications did include portions of costs for LESA Administration and Information Technology, “and specifically included the positions of agency director, assistant director, technical services and training coordination.”

This is contrary to the information provided to Bill Vetter by Kelly Bochenski, LESA assistant director, in a meeting on September 8, 2009. We confirmed the information provided by Ms. Bochenski by reconciling the figures to the amounts reported in the *PSAP Assessment Study* (at page 86). The 2007 numbers are \$8,000 apart, for unclear reasons, while the 2008 numbers match exactly. If Ms. Bochenski gave the right information on September 8, the positions quoted above could not be included in the reported costs. We stand by our analysis on pages 11-12 of the report.

**e. Net Available Work Hours**

The response appears to be out of its depth in discussing net available work hours. We are not reassured by the material on pages 23-26 of the LESA response.

The response asserts that contractor Russell conducted the analysis of net available work hours and that LESA staff simply collected the data per his specifications. That interpretation is not compatible with the e-mail evidence.

On October 9, 2007, Mr. Russell told Tom Orr, Diana Lock, and Kelly Bochenski by e-mail that “any number you prefer for available work hours can be easily plugged into that summary worksheet to provide the appropriate results.” On October 11, Mr. Russell wrote to the same three LESA staff members:

“When you get the numbers that you want to use for the Comm Officer time away from work (holidays, sick, LWOP, etc.) you can enter them into the Summary worksheet to see how the required number of employees changes. Let me know what you finally decide (Monday is soon enough) and I’ll put it into my presentation” [to the LESA Executive Board on October 17].

At page 25, the LESA response defends using 2007 data for net available work hours, almost the lowest figure in 13 years, by insisting the *PSAP Assessment Study* focused on 2007 and therefore had to use data from that year. Using a multi-year average would have been more appropriate.

At page 26, the response indicates that Mr. Russell presented a preliminary report to the LESA Executive Board in October 2007, and then states “That report was later presented to Mr. Temmel and the County Finance Director, Pat Kenney, in December, 2007.” We disagree. At the meeting held on December 14, 2007, there was no written report, just eight pages of written questions and answers and a PowerPoint presentation by the LESA director.

#### **f. Erlang C Analysis**

The LESA response at pp. 26 – 31 includes interesting information on Erlang C methodology for calculating the needed number of staff. But the response does not address the key questions about whether the Erlang C method recommends 9 emergency call takers per day or per shift, or why 3 call takers are required to handle 12 minutes of non-emergency calls per hour. These issues have large consequences for the number of staff recommended in the *PSAP Assessment Study*.

#### **g. APCO Analysis**

The LESA response about the APCO analysis is limited. At pp. 32-33, the response focuses on the difference between using 1,387 and 1,425 net available work hours in different analyses, with a resulting difference of 1.1 FTE call takers. Our analysis pointed out that minor difference and showed much larger differences in staffing requirements if other figures are used for net available work hours and agent occupancy rate. (See pages 40-41 in the report.) The LESA response is silent on those more important matters.

The LESA response, at page 34, is critical of our work by saying that APCO does not “recommend” a target figure of 80% agent occupancy rate. Strictly speaking, that is true. Therefore, we have modified page 15 in our report so it says that APCO does not “recommend” but “suggests” using 80%, while also quoting from the APCO staffing guide.

At page 35, the LESA response says that “Thanks to Mr. Russell, LESA is now engaged in the process of tracking Agent Occupancy Rate on a regular basis.” Excellent! If policy makers want further analysis from LESA, they may want to request historical data on this topic. Is the call taker occupancy rate only 62%? That means the call takers are busy only 37 minutes per hour. If the rate is higher, as expected in a large call center, how does that affect the number of call takers recommended in the APCO staffing model?

#### **h. Call-Answering Percentages**

Given the differences in how other 911 agencies calculate and report call-answering statistics noted in the *Quality Assurance Review*, we do not believe that the documentary evidence provides assurance that the reported call-answering percentages are comparable.

#### **i. King County Audit Report**

In our view, the 2002 performance audit report on 911 operations conducted by the King County Auditor’s Office was very good work and that approach should be considered for a future LESA workload analysis. However, the LESA response alleges that the King

County work is “quite dated” and “not well versed in industry standards” (p. 38). We disagree, for the reasons stated in our report at page 18.

#### **j. LESA Budget**

Commenting on the agency’s budget situation for 2010 (pp. 38 – 39), the LESA response indicates that the agency wants to make major reductions in Information Technology (20% staff cut) and in Records (28% proposed staff cut), with the object of shifting money into the Communications Center in order to improve call-answering performance.

These changes were presumably approved by the LESA Executive Board. A question for public consideration is whether the members of the County Council and the various city councils, not just the LESA board, should have a larger role in discussing or approving such large funding and service changes.<sup>1</sup>

#### **4. Conclusion**

Thus, while the LESA response introduces some new information, we stand by the results of our study. The text of the report compared to the December 3 preliminary report has not been altered significantly except to add this appendix.

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<sup>1</sup> In late 2009 council members in the various jurisdictions (Pierce County, City of Tacoma, City of Lakewood et al.) approved a 2010 funding allocation for LESA, with little or no detail about staffing levels or funding by division. The 2010 amount for Pierce County is \$7,041,520. Then LESA made major shifts in funding. Thus it is open to question whether policy makers in the participating jurisdictions had any real voice in how the public funding will be spent.