



PERFORMANCE AUDIT REPORT

**SRS: Reviewing the Recent
Restructuring of Area Offices and Its
Impacts on Employees and Clients**

Executive Summary

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
July 2005**

Legislative Post Audit Committee

Legislative Division of Post Audit

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To: Members of the Kansas Legislature

This executive summary contains the findings and conclusions, together with a summary of our recommendations and the agency responses, from our completed performance audit, SRS: Reviewing the Recent Restructuring of Area Offices and Its Impacts on Employees and Clients.

The report includes several recommendations including the following: SRS should classify all personnel appropriately in accordance with State law; SRS management should take steps to ensure that its staff who are involved in hiring decisions know and follow the agencies personnel requirements; SRS should ensure that staff have appropriate workloads by updating the information used to match workers with workloads across the State; SRS should take steps to ensure clients are able to access services by investigating the slow growth in number of applications in counties where offices closed, and the minimal usage of access points; and SRS should ensure that Quality Performance Improvement staff fully investigate and resolve quality issues including fraud.

We would be happy to discuss the findings presented in this report with any legislative committees, individual legislators, or other State officials. These findings are supported by a wealth of data, not all of which could be included in this report because of space considerations. These data may allow us to answer additional questions about the audit findings or to further clarify the issues raised in the report.

If you would like a copy of the full audit report, please call our office and we will send you one right away.

A handwritten signature in black ink that reads "Barbara J. Hinton". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Barbara J. Hinton
Legislative Post Auditor

EXECUTIVE SUMMARY

LEGISLATIVE DIVISION OF POST AUDIT

Overview of the Department of Social and Rehabilitation Services' Restructuring of Integrated Service Delivery

Integrated Service Delivery is the area within SRS that administers public assistance and other programs. This program area has 3,460 full-time equivalent staff and a budget of about \$560 million. This audit focuses primarily on Integrated Service Delivery field operations which is divided into 6 regions across the State. Staff in these regional offices determine eligibility for public assistance, investigate allegations of abuse and neglect, enforce child support orders, and provide employment assistance for people with disabilities.

Several factors have contributed to SRS changing the way it delivers services to needy Kansans. These include ongoing budget shortfalls, shifting caseloads from rural to urban areas, and recommendations to streamline the agency from a team appointed by then-Governor-elect Sebelius.

SRS closed local offices, consolidated regions, and cross-trained staff. Until May 2003, SRS had a local office in every county (105 total). In these offices, SRS staff specialized in specific program areas. For example, food stamp workers only handled food stamp cases. SRS began its restructuring in 2002, and it involves several major components:

- SRS implemented integrated service teams in local offices. Instead of having workers segregated by program, staff are now cross-trained and work in teams to help clients.
- Access points— a location in the community where potential clients can learn about and apply for SRS services— were established to eliminate the need for clients to come to an office to access services.
- Toll-free phone and fax lines were set up to allow clients to contact SRS staff at no cost or to submit information.
- SRS closed 62 local offices Statewide, leaving 43 offices which are now called service centers.
- SRS reduced the number of regional management areas from 11 to 6.

These changes, which resulted in elimination of some positions and creation of new positions, have been controversial.

Question I: Has SRS Adopted and Followed a Consistent Model for Restructuring Service Delivery in Those Areas of the State Where Offices Are Being Closed?

In restructuring its 11 service delivery areas into 6 regions, SRS didn't accomplish the intended goal of reducing overall administrative costs. A team of public and private sector individuals (Budget Efficiency Savings Teams or BEST) recommended that SRS consolidate its existing 11 administrative areas to 5 regions, resulting in an estimated savings of \$1.2 million. SRS reduced the number to 6 instead of the suggested 5.

The way in which SRS restructured the service-delivery areas actually added to overall management, rather than reducing it. New directorships were established, and after the reorganization, there were 62 more management-related positions than before. There were 23 fewer positions for caseworkers, support staff, supervisors, and other staff.

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Although most local office closures made sense, we noted several apparent inconsistencies in the decisions that were made. SRS' original plan was to close as many as 70 local offices across the State. SRS officials told us they solicited input from regional managers, and based their decisions on which offices to close on several factors including client data, proximity to other offices, staffing data and aspects of the community. The criteria seemed to be reasonable, and the vast majority of closings seemed to make sense. However, 3 offices that were slated for closure (Anderson, Kiowa and Pratt counties) remained open. Officials told us these offices were kept open due to political pressure. In all, 62 local offices were closed Statewide.

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The process of filling positions that were new or vacated because of the restructuring wasn't consistent. The closing of 62 local offices, restructuring service delivery, and consolidating regions from 11 to 6 resulted in numerous positions being created, eliminated, or vacated. Decisions about hiring procedures and staff structure were left to regional managers, and we saw inconsistencies in whether people had to re-apply for their jobs or not, and in how positions were classified. SRS currently has established the assistant regional director positions as unclassified, which isn't currently allowed by State law.

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Question I Conclusion. SRS had a reasonable and logical plan for establishing regions and deciding which offices should be closed. It followed that plan except in 3 instances where officials told us there was political pressure to keep local offices open that met the criteria for closure. Its plans for restructuring the staffing in local and regional offices were more haphazard. Although there was some consistency in the way SRS structured upper-management positions, there was little consistency in how lower-level position changes were handled in individual regions. While

this may have provided the regional directors a certain level of flexibility, it has tended to open the agency up to allegations that employees weren't treated consistently and fairly. page 13

Question I Recommendation. *We recommended that SRS should classify its assistant regional directors appropriately in accordance with State law.* page 13

Question II: What Impact Has the Reorganization Had on Department Staff?

SRS field staff expressed many concerns about how the reorganization affected them. *These included the following:*

- *caseloads are higher now*
- *number of support staff is now insufficient*
- *lines of authority are unclear*
- *hiring processes were unfair*
- *staff are spending more time driving to meet with clients*
- *experienced staff had left*
- *overall morale is worse*

We looked at data related to as many of these concerns as possible. We focused our analyses primarily on caseloads and job hiring procedures. page 14

Caseloads in most SRS programs have increased significantly, while the number of caseworkers and supervisors is up only about 1.8%. *We reviewed 7 programs to determine the number of cases in calendar year 2002 and calendar year 2004, and the number of staff available to handle those cases. Cases in 6 of the 7 programs experienced growth with General Assistance, Food Stamps and Temporary Assistance to Families programs exhibiting large growth ranging from 15% to 35%.*

However, the number of caseworkers and their supervisors hasn't kept pace. Looking at just case-carrying staff and their supervisors, we saw only a 1.8% increase in number of staff from 1,653 positions before the reorganization to 1,683 after. The number of support staff who directly support caseworkers is down significantly— 12%— since the reorganization. These workers filed documents and answered phones for caseworkers. page 15

SRS has a process to match authorized positions to regional workload, but we noted some problems with it. *This process shifts authorized positions from one region to another based on calculated workloads which are based on a formula that takes into account the amount of time it takes to work on various types of cases. Although, the workload distribution and authorized positions match up fairly well in each region, the workload data used to redistribute staff are out-of-date so the calculations may not reflect accurate workloads. We also noted the following issues:*

- *the accuracy of the case counts isn't verified. (An SRS internal audit noted some problems back in 2001.)*
- *only one staff member is responsible for the calculations and no one double checks for accuracy.*
- *staff drive time to meet with clients isn't factored into the workload*
- *regional differences in how cases are handled haven't been determined*
- *the number of staff to assist caseworkers isn't considered*

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Our review of documentation related to job vacancies showed that some employee concerns about hiring practices may be valid. *One theme employees expressed in our staff survey was the suspicion that job openings were manipulated to give certain applicants an advantage over others. We reviewed the process to fill 23 position announcement and 65% were missing documentation on at least one item that SRS requires. For example, SRS policy is that position descriptions be finalized before the position is advertised. Only 30% of the files we reviewed met this requirement. The rest were either missing documentation (48%) or didn't meet the requirement (22%).*

We also noted some problems related to the qualifications of the people hired to fill some of the positions. One position was filled by a candidate who didn't meet the minimum requirement of having a college degree. Nine other people were hired who didn't meet the preferred requirements on the job descriptions, when other applicants did meet them. Although applicants don't have to meet preferred qualifications, hiring people who don't meet them when others do may be perceived as unfair.

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Some SRS employees who had a decrease in pay grade during the reorganization have recently won appeals. *Our limited review of 2,408 people who were on both the January 2004 and January 2005 payroll showed 77 people experienced a decrease in pay grade, and only 21 of those had an actual decrease in pay. We didn't look into any specific cases, but recently several employees have won appeals before the Civil Service Board which found that SRS had not given them proper notice and a chance for a hearing.*

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Some people do report to 2 supervisors, and requirements for some people who supervise social workers have been lowered. *Staff had expressed complaints about poor quality of supervision, and unclear lines of authority. These complaints appear to have merit. Case-workers now report to both a team leader and their program-specific supervisor, and some who supervise licensed social workers no longer need a college degree.*

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Question II Conclusion. *At least some of the conditions staff have reported as leading to low morale have some basis in fact. Caseloads have increased significantly while the number of caseworkers has been relative-*

ly static, and the Department has eliminated many of the workers who filed documents and answered phones for caseworkers. Although SRS has tried to manage the workloads by shifting workers from region to region, the basis on which it does that doesn't take into account its new way of doing business and may not be accurately matching staff with workloads. Some of the complaints we heard about hiring practices didn't show up in the sample of cases we looked at, but we did find a large percentage of cases where we couldn't document that the positions descriptions were set before the job was opened up to employees who wished to apply. With this lack of documentation and the lack of consistency in how positions were filled from region to region (as reported in Question 1) it is easy to see why employees have been suspicious of the process and many feel they haven't been treated fairly.

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Question II Recommendations. We recommended that SRS management should train staff responsible for hiring on SRS requirements, and have its internal audit staff periodically check some hiring files to ensure policies are being followed and documented. SRS should also update the information used to match workers with workloads and create a system for spot-checking the data.

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Question III: What Impact Has the Reorganization Had On Client Services in the Areas Affected by the Office Closures?

SRS staff, clients, and access point providers have differing perceptions about how SRS' service-delivery model changes have affected clients' access to services. About two-thirds of SRS staff responding to our survey said they thought clients were having a more difficult time accessing services, specifically that services were more difficult to access, it was now more difficult to get questions answered, and client travel time had increased. Others mentioned problems with the toll-free phone and fax lines including the fact that some clients don't have phones.

In contrast, more than 75% of clients responding to a survey conducted on behalf of SRS by the Docking Institute at Fort Hays State University rated access to services as good or very good.

Local access point providers seem to have the opinion that the access points are better at providing materials to clients than they are at helping them access services. On a different Docking Institute survey, 65% of the access point providers said clients' needs for materials are met most of the time, while only 41% said clients' needs for services are being met most of the time. Many said they thought access points were rarely used.

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Our review of the files of some high-needs clients didn't show a major drop-off in SRS contact, but some of those clients told us accessing services is more difficult. We reviewed the files for 29 high-needs clients and found no decrease in SRS contact frequency after the reorganization that wasn't explainable by a change in the client's programs or eligibility for 28 of the clients. One file did show a drop in contact after the local office that was handling the case closed.

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Fewer service applications in areas where offices have closed could indicate that potential clients are having a more difficult time accessing services. One indication of the success of access points, toll-free phone and fax lines, and computerized application capabilities is whether clients are applying for and receiving the services they need. Our review of the growth in number of applications for services for calendar year 2002 and calendar year 2004 for 6 programs showed a general increase in clients' applications for most programs Statewide.

However, the percentage increase in number of applications was the most for clients living in those counties where the SRS office remained open. The percentage increase was less for clients living in counties with no SRS office, which may indicate that clients in those counties are having trouble applying for services.

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SRS records show only a slight slowdown in application processing times since the reorganization. Because of complaints about things taking longer, we reviewed data on application processing times and found it's only taking 1-2 days longer to process General Assistance and Food Stamp applications, and no change in the processing time for Temporary Assistance for Families. Our review of a sample of applications that weren't processed timely showed most of the delay resulted from waiting for clients to provide requested documentation.

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SRS has set up a mechanism for identifying problems with its new service delivery system, but has been slow to implement it. In response to our staff survey, 64% of SRS staff indicated they thought the organization's ability to detect fraud had been significantly or somewhat reduced, and 84% said that errors are more likely now after all the changes in service delivery and staffing.

SRS' new regional plans call for quality assurance unit in each region, and these units were formed and had at least some staff as of July 2004. However, SRS officials told us many of these units hadn't been fully staffed and they hadn't yet developed goals and procedures, much less completed any reviews.

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Question III Conclusion. Overall, 3 of 4 clients that SRS surveyed said they were satisfied with the accessibility of services under the new access point system. To a large extent, a client's level of satisfaction will depend on his or her age, the specific services needed, and their willingness and

ability to use the computers or fax lines that SRS provides. Some older clients for example, may not have the same capability to use a computer or fax line as younger clients who are more familiar with these tools.

Even though the overall level of satisfaction of survey respondents seemed to be fairly high, a number of clients responding to surveys expressed concerns about rude workers, SRS not returning phone calls, and paper work that was faxed over the toll-free lines being mis-routed or lost causing services to be delayed or cut off. Some have said it was easier just to get in the car and drive to wherever the nearest SRS office was to actually be able to talk face-to-face with a person.

Another concern is whether people who haven't accessed services before and aren't familiar with how SRS works may be falling through the cracks. Staff at some locations that serve as access points told us the access points get little use, and they think people don't know about them. Also, the percentage increase in the number of applications for services from people living in counties where SRS offices have closed has been significantly less than in counties where SRS offices remain open.

While there will always be wrinkles that need to be ironed out whenever such sweeping changes are made to a service delivery system, SRS officials will need to seriously consider all of these issues and take the steps necessary to see that they adequately researched and addressed. page 32

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Question III Recommendations. We recommended that SRS investigate the relatively small percentage increases in number of applications for services in counties that had an office close, and the reasons access points only get minimal usage. We also recommended that SRS focus on ensuring that the Quality Performance Improvement divisions fully investigate quality issues raised by staff including fraud, recommend remedies, and follow up to ensure problems have been corrected.

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Question IV: Has the Reorganization Resulted in Savings for the State?

With inflation taken into account, it appears that SRS spent approximately \$5 million less during a 9-month period after it reorganized field operations. In the 9 months after the reorganization, actual operating expenditures for field offices (not including expenditures for central office, adoption and foster care) were about \$2.3 million more than during the same 9-month period before the reorganization. However, after adjusting for cost-of-living increases and inflation over that 2-year period it appears that SRS spent about \$5 million less on field service operations in the 9 months immediately after the reorganization, than in the corresponding 9 months before the reorganization.

Most of the savings was in salary costs which appear to be due to increased vacancy rates. Even though the number of authorized positions actually increased slightly, more vacancies would lead to reduced salary expenditures. The vacancy rate grew from 11.8% in January 2003 to 17.6% in January 2005. Substantial turnover may also be contributing to lower salary costs.

About \$1.4 million in non-salary savings likely was generated through closing local offices and changing how services are delivered. We saw decreased spending in building rent, and in-State travel for employees.

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Question IV Conclusion. *After adjusting for cost increases that would have occurred in the past 2 years, it appears that SRS spent about \$5 million less on its field services operations during the first 9 months of fiscal year 2005 than it would have spent if it had been staffed and organized the same as it was before any of the reorganization had occurred. However, a large portion of that savings was generated by staff vacancies and turnover. Those savings could have occurred under any administrative structure, so they can't be attributed to the reorganization. That leaves about \$1.4 million in savings from things like lease terminations on local offices and other items that could be more directly tied to the reorganization. Even for those expenditures it's difficult to know exactly how much to attribute to the reorganization, because some of the savings in categories like postage, travel, and repairs could have reflected general cutbacks to meet budget budget reductions imposed by the Governor and the Legislature.*

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APPENDIX A: Scope Statement page 39

APPENDIX B: Agency Response page 41

The agency generally concurred with many of the report's findings, conclusions, and recommendations, although officials disagreed with the report's conclusion that the number of management positions had grown by the amount stated. After careful review, we think our conclusions and recommendations are appropriate.

This audit was conducted by Chris Clarke, Brenda Heafey, and Jill Shelley. Leo Hafner was the audit manager. If you need any additional information about the audit's findings, please contact Ms. Clarke at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.