



# IMPLEMENTATION OF THE STATE MEASUREMENT FOR ACCOUNTABLE, RESPONSIVE, AND TRANSPARENT (SMART) GOVERNMENT ACT

## Performance Audit, August 2012 Report Highlights



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### PURPOSE

Review departments' strategic plans, including associated goals and performance measures, to test compliance with the requirements of the SMART Government Act.

### BACKGROUND

- The SMART Government Act (House Bill 10-1119) introduced performance-based budgeting in Colorado. The Office of State Planning and Budgeting plays a central oversight role in the State's budgeting system.
- The SMART Government Act requires departments to create 5-year strategic plans that include goals and performance measures.
- The SMART Government Act requires the State Auditor to annually conduct performance audits of departments covered by the Act beginning this year.

### OUR RECOMMENDATIONS

The Office of State Planning and Budgeting (OSPB) should:

- Improve its written guidance related to performance-based budgeting and strategic plans.
- Establish policies and procedures for reviewing strategic plans to ensure that the strategic plans of departments subject to its oversight comply with statutory requirements and its own written guidance.

The Independent Ethics Commission, Judicial Department, Department of Law, Office of Colorado State Public Defender, Office of the Child's Representative, Department of State, and Department of Treasury should:

- Ensure that their strategic plans comply with the SMART Government Act.
- Either follow OSPB's written guidance or establish their own policies and procedures for developing strategic plans.

The agencies generally agreed with our recommendations.

### EVALUATION CONCERN

**Departments did not follow all statutory requirements and best practice guidance put forth by the Office of State Planning and Budgeting when developing their Fiscal Year 2013 SMART Government Act strategic plans.**

### KEY FACTS AND FINDINGS

- A total of 14 (58 percent) out of 24 department strategic plans lacked at least one of the five basic required components stipulated in statute.
- Strategic plans were not always available to the public on the Office of State Planning and Budgeting's and departments' websites, as required by statute. Specifically, as of March 1, 2012, nine strategic plans were missing from department websites and six were missing from the Office of State Planning and Budgeting's website.
- The performance measures included in strategic plans were not always understandable to the general public. Out of the 521 performance measures included in departments' strategic plans, we concluded that 128 (25 percent) measures were not understandable to the public because they used technical language, jargon, or undefined terms.
- Departments often included performance measures in their strategic plans that did not appear to be realistic. For example, 233 (45 percent) measures had corresponding benchmarks that either underestimated the potential of the department or appeared to be too difficult to achieve.
- Four departments did not include at least one performance-based goal that addressed either cost savings or increased efficiency, which are both secondary goals outlined in statute.
- Nine departments did not solicit input from employees, as called for by statute, when developing their performance measures.
- We identified 87 budget line items in Fiscal Year 2013 budget requests that were each more than \$1 million that were not covered by any of the performance measures included in department strategic plans. Overall, 89 percent of Fiscal Year 2013 requested budget line items were covered by at least one performance measure.