The State Inspector General (SIG) began operations in August 2012 under State statute as an independent agency to conduct unbiased fraud, waste, and abuse investigations in the operations of the Executive Branch. A legislative mandate in the SIG’s mission is to pass “lessons learned” from our investigations and management reviews to all state agencies to stimulate Agency Heads to reflect on how their respective agencies may handle similar issues, which at a minimum is a soft quality control and at its best, inspires positive change. The following is the SIG’s tenth “Lessons Learned Alert.”

SIG Lessons Learned Alert No. 10: Accounts Receivable & Continuous Improvement

Attached to this email is a SIG report titled, “An Opportunity for Taxpayer Savings Through Improving Statewide Accounts Receivable Practices.” The report sets out two straightforward opportunities to improve state government accounts receivables. First, each agency can compare its accounts receivable program to best practices to identify opportunities to improve. Second, there are several statewide strategies that can be pursued to assist all state agencies in their respective bad debt collection efforts. With the potential of the state having over a billion dollars in past due debt, it is an area with opportunities to improve. However, an equally important lesson from this review was a noticeable absence by most accounts receivable programs of the capability for continuous improvement.

The capability for continuous improvement is only basic management of establishing key performance measures which can be measured; compared to performance benchmarks or prior periods; and used to manage progress towards a function’s objectives. In short, it provides ongoing feedback to a function to assess if it is winning or losing, both of which stimulate reflective thinking to foster a continuous improvement environment. Like the old management adage, “you can’t manage what you don’t measure.”

With the ever increasing complexity of operating a state agency, it should reinforce the management fundamental that every organizational function develop performance measures. This allows agency heads and their respective boards/oversight the capability to assure taxpayer dollars are being used effectively throughout an agency, as well as promotes a continuous improvement environment.

As an interim step until the Department of Administration is fully developed, the SIG will facilitate and stimulate statewide improvement by annually organizing agencies’ annual accounts receivables over 60 days, also known as past due, and place the data on its web page. Agencies will be able to track their year to year improvements, as well as compare their results to other agencies with similar business models and customers.