

**STATE OF NEW HAMPSHIRE  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT  
AUDIT DIVISION**

**PROPOSED PERFORMANCE AUDIT SCOPE STATEMENT  
DEPARTMENT OF ADMINISTRATIVE SERVICES BACK OFFICE OPERATIONS**

In April 2014, the Fiscal Committee of the General Court adopted a joint Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the consolidation of certain business processing functions of the Department of Administrative Services (DAS). We held our entrance conference with the DAS management in September 2015.

**Background**

Chapter 224, Laws of 2011 gave the DAS Commissioner broad powers, with prior approval of the Fiscal Committee and the Governor and Council, to consolidate certain functions within State government. The DAS Commissioner was authorized to eliminate unnecessary positions and transfer personnel, equipment, records, and appropriations to consolidate human resources and payroll functions and certain back-office functions to achieve efficiencies and cost savings over the 2012/2013 biennium. Savings of \$1,428,000 in total funds, including \$571,200 in general funds were required through human resources and payroll consolidation in the fiscal year ending June 30, 2013. Chapter 144, Laws of 2013 also required savings in the biennium ending June 30, 2015 of no less than \$1,428,000 in total funds due to human resources and payroll consolidation, including \$571,200 in general funds.

Chapter 224:85, Laws of 2011 also required consolidation of certain business processing functions, including accounts receivable; accounts payable; collection of fines, penalties, fees, restitution, remittances, and other moneys due to the State; and other finance and accounting functions and transactions the DAS Commissioner determines would achieve substantial efficiencies from consolidation. Chapter 224:85 required cost savings of \$352,000 in total funds, including \$88,000 in general funds for the State fiscal year (SFY) ending June 30, 2012 and an additional \$1,000,000 in total funds, including \$250,000 in general funds for the SFY ending June 30, 2013 from the consolidation of business processing functions. To assist with the consolidation, the Legislature appropriated \$250,000 in State fiscal year 2012 for consulting services. As of September 30, 2015, \$85,780 remained unspent.

In response to this legislative mandate, the DAS established the Shared Services Center (SSC) in November 2012. The purpose of the SSC was to consolidate business processing functions common to multiple agencies into a single entity. As of September 2015, the DAS had partially consolidated the accounts payable function but had not consolidated any payroll or human resources functions. At least 17 authorized positions were abolished, primarily unfilled vacant positions, and 28 authorized positions were transferred into the SSC for accounts payable purposes. Through attrition, the SSC was reduced to 18 personnel processing accounts payable as of September 2015. According to the DAS, payroll and human resources functions have not yet been consolidated because each agency has different processes which need to be standardized before consolidation.

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**Audit Scope**

Our audit period will include SFY 2012 through 2015, and will seek to answer the following question: *Has consolidating certain business processing functions within the Shared Services Center resulted in more efficient, effective, and economical services?* Specifically, we will determine whether:

- *The DAS achieved cost savings established in Chapter 224, Laws of 2011 and Chapter 144, Laws of 2013; and*
- *The Shared Services Center resulted in increased economy and efficiency of accounts payable transactions.*

To address these questions, we plan to:

- review relevant State statutes, administrative rules, policies, procedures, plans, performance measures, and service level agreements;
- analyze cost savings attributed to the development of the SSC;
- analyze accounts payable data to compare transaction processing speed prior to establishing the SSC and after its implementation;
- interview DAS and SSC personnel, and personnel from other client agencies; and
- conduct a survey of agencies utilizing the SSC.

Since only the consolidation of accounts payable has been implemented, this audit will primarily focus on the effectiveness, efficiency, and economy of accounts payable consolidation.

We anticipate completing this project in February 2016 and presenting the final report to the Fiscal Committee at its March 2016 meeting.

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**PROPOSED SCOPE STATEMENT  
PERFORMANCE AUDIT OF WORKREADYNH**

In April 2015, the Fiscal Committee approved a joint Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the WorkReadyNH program within the Department of Resources and Economic Development's Office of Workforce Opportunity (OWO). We held an entrance conference with the OWO in October 2015.

**Background**

In January 2010, the Governor announced the New Hampshire Working initiative aimed to help workers stay at work, return to work, and get ready to work. The first initiative, Return to Work, is a voluntary program providing job seekers six weeks of training in a New Hampshire business which has a full-time opening. The program, launched in May 2010, was an opportunity for job seekers to get on-the-job training while providing employers an opportunity to assess the job-seeker's skills. The program allowed job seekers to continue collecting unemployment benefits as long as they were meeting certain criteria; however, a job seeker did not have to be collecting unemployment benefits to qualify for the program. The second initiative, WorkShare, was designed as an alternative to layoffs by allowing employers to reduce work hours and allowing the affected employees to collect a percentage of unemployment benefits for up to 26 weeks.

WorkReadyNH, the last part of the initiative, was launched in October 2011 after a series of discussions with business leaders across the State. A partnership between State agencies and the Community College System of New Hampshire (CCSNH), the voluntary program is intended to help job seekers improve their technical and soft skills while adding two certifications to their resume at no cost to the participant. The program is also intended to benefit employers by helping workers improve skills needed to succeed in the workplace. The Office of Workforce Opportunity (OWO) in the Department of Resources and Economic Development (DRED), Division of Economic Development oversees the WorkReadyNH program; however, the program is implemented by the CCSNH. Initially offered at White Mountains, River Valley, Great Bay, and Manchester Community Colleges, the program expanded to Lakes Region Community College, Nashua Community College, the New Hampshire Technical Institute and GBCC's Advanced Technology and Academic Center in Rochester in 2013 through a grant to the CCSNH from the U.S. Department of Labor. The four additional programs were not under the auspices of the OWO/DRED.

Available to unemployed New Hampshire workers over age 18, WorkReadyNH allows workers to assess their skill level in applied mathematics, reading for information, and locating information; participate in online training to improve their skills; then take an assessment test. Based on their proficiency on the assessment test, participants are awarded a National Career Readiness Certificate, a portable nationally recognized work skills credential. WorkReadyNH participants must also complete a 60-hour soft skills course in which they participate in simulated work-related settings including general workplace expectations, communication, team-building and conflict resolution, customer service, and problem solving. Once complete, the CCSNH issues a certificate to the participant for the soft skills course. Since 2012 2,650 New Hampshire residents have participated in the program and 2,010 participants have graduated from the WorkReadyNH program. Table 1 shows the number of WorkReadyNH participants and graduates during each fiscal year.

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**Table 1  
WorkReadyNH Statistical Information By Fiscal Year<sup>1</sup>**

	2012 <sup>a</sup>	2013 <sup>a</sup>	2014 <sup>b</sup>	2015 <sup>b</sup>	Total
JTF Participants	269	487	951	943	<b>2,650</b>
Graduated	195	417	698	700	<b>2,010</b>
Graduation Rate	72%	86%	73%	74%	<b>76%</b>
Notes:					
a. Encompasses programs at four community colleges.					
b. Encompasses programs at all seven community colleges as the program was expanded during SFY 2014.					
Source: LBA analysis of OWO information.					

*Program Funding*

WorkReadyNH sites at White Mountains, River Valley, Great Bay, and Manchester Community Colleges receive funding through the Job Training Fund (JTF), which receives contributions from the unemployment compensation fund. The JTF, which was originally funded at \$1 million for the purpose of funding Job Training Grants to NH Businesses, has an annual cap of \$2 million. For both SFYs 2012 and 2013, WorkReadyNH was budgeted \$1 million, while in SFYs 2014 and 2015, it was budgeted \$900,000 each year. The difference is attributable to 10 percent administration funds for DRED beginning in SFY 2014 and 2015.

Until September 30, 2015, the programs at Lakes Region, Nashua, the New Hampshire Technical Institute and GBCC’s Advanced Technology and Academic Center in Rochester received funding through a \$20 million CCSNH grant from the U.S. Department of Labor designed to support community colleges in providing adult education and career training programs. The CCSNH allocated approximately \*\$1.9 million in grant funds to fund WorkReadyNH at these four community colleges; however, the grant ended on September 30, 2015 and these four programs are no longer operational. The original four WorkReadyNH programs continue to be funded entirely by unemployment compensation contributions to the JTF. As of October 2015 CCSNH staff have been working to extend current services (i.e., funded through the JTF) to include coverage in Laconia, Nashua and Concord on a limited basis.

**Audit Scope**

This performance audit will focus on the following question: *Was the WorkReadyNH program efficient and effective during State fiscal years 2012 to 2015?* Specifically, we will determine:

- *Whether WorkReadyNH served job-seekers efficiently and effectively;*

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- *Whether WorkReadyNH served the business community efficiently and effectively; and*
- *How improvements to the program were identified and incorporated into the program.*

During the audit period, programs offered at Lakes Region Community College, Nashua Community College, and the New Hampshire Technical Institute were funded entirely through a federal Department of Labor grant and did not receive State funding. As a result, these programs will not be included in detailed test work during our audit; however, we will provide statistical and other trend information where appropriate.

We anticipate completing this project in February 2016 and presenting the final report to the Fiscal Committee at its March 2016 meeting.

\* TAACCCT grant funding specific to WRNH is not available (CCSNH) since all expenditures were reported in aggregate.