



Detailed Lean Improvement Project Report

For the June 1, 2014, through December 31, 2014, reporting period

Agency name:

Office of Financial Management

Improvement project title:

Comprehensive Annual Financial Report (CAFR) Process

Date improvement project initiated:

01/06/2014

Summary:

The Office of Financial Management improved the Comprehensive Annual Financial Report (CAFR) process which is contributed to by all state agencies and is audited by the State Auditor's Office and which meets reporting requirements of the financial community, the federal government and others.

Details:

Description of the problem: The due date for completing the report has shortened each year. The information changes frequently and changes affect many different areas and other operators work packages. There are often changes identified late in the process causing more rework during the final stages of report preparation.

Description of the improvements: The team pursued these countermeasures for each of the problem areas identified:

1.) Large number of operators performing different work packages/parts of the report may not be aware of what adjusting entries are being made and newer consultants might not understand how a change affects their work package.

Countermeasures: Training on JV List, daily team huddles, standard work/procedures and document potential issues assembled from past experience of operators, and leveraging support staff to proof some portions.

2.) Too many review passes and the threshold of quality should match expectations of the customers.

Countermeasures: Improve the checklists and technical review resources, develop a proofing strategy, and communicate changes made to the assigned preparer for the following year.

3.) Data being added after the close date. Team needs to hold information suppliers to the published close date and communicate to them that rework after that date cannot be allowed.

Countermeasures: Communicate to deputies the importance of the deadline, emphasize the timelines at trainings, year-end meetings and in the newsletter, have specific, targeted communication with agencies during earlier meetings.

Specific results achieved: The countermeasures above were developed and the report process where results were observed began in September 2014. The team

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held information to the published close date and emphasized this during year-end meetings, held daily huddles to keep team members informed, tracked the changes and rework to learn how to further adjust the process to meet the goal of reduction in rework and changes after close. They developed new tools for standard work, such as the General Checklist for each CAFR Assignment, which was tested during this year's report preparation, and they reduced the number of review passes, all of which led to the Team producing the state CAFR seven days earlier, meeting their internal deadline.

How we involved customers or stakeholders in this effort:

We included agencies representatives in the workshop who rely on this report to be in place to provide them the financial reputability and stability so that they can do their mission-critical work that impacts the citizens who interact with each of the state agencies. The State Auditor's Office, the Department of Labor and Industries, and the Department of Enterprise Services were included in the event to look at the process holistically and identify opportunities to make improvements on behalf of the customers.

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