

# Strategic Lean Project Report



## Division of Securities, Examinations Unit – Examination Cycle Process Improvement

**Agency:** Department of Financial Institutions (DFI)

**Partners and Customers:** The mission statement of DFI's Securities Division is "To protect the investing public and promote confidence in the capital markets." One of the ways this mission is accomplished is by examining investment advisers and their representatives for compliance with securities rules and regulations.

### Project Impact

The Securities Division Examinations Unit improved the examination process, resulting in a more streamlined examination cycle. This process improvement has not only reduced the time element of an examination cycle, but it has also increased the utilization of staff talents and skills to produce more qualitative and consistent work.

Impact to Registrants:

- Streamlined requests by the Securities Division for documents will reduce costs such as mailing, copying, printing, and scanning.
- Standardized examination review process by examiners will create more consistency in issues and deficiencies raised.

Impact to Examiners:

- Reduced time waiting for documents from registrants, allowing for more front end pre-examination prep work.
- Enhanced workflow will improve how documents are completed, stored, and reviewed.

Impact to DFI Securities Division Examinations Unit:

- Reduced time to complete an examination cycle from an average of 52 days to 31 days.
- Improved quality in examination documents from an enhanced review process and improvements to the comment letter writing process.

### Project Summary

**Background/Context:** By streamlining our examination process, we were able to reduce the average number of days it took for each examination. Prior to this project, there were varying approaches in the way examiners utilized examination modules or conducted exams. Over the years, modifications to examination modules have been made by different staff members. Different versions were being used by different examiners, and the documents cited to old administrative code. These documents, in addition to the actual examination, needed to be streamlined so that we could conduct more efficient work.

**Problem Statement:** A routine examination cycle takes an average of 52 days, compared to our target of 30 days, which we want to reach by 3/31/2018.

**Improvements Made:** We conducted a Kaizen event with staff in which we value-stream mapped the examination process, identified problems, and brainstormed solutions. Three areas identified as needing improvement were:

- **Training**
  - We attended trainings on LEAN, time management, and communication.
- **Communication**
  - We gathered more data and implemented informal and formal check-ins with staff individually and as a unit.
- **Standardization**
  - We revised the examination modules and processes, including issuing standard comments and programming for a new examination workflow.

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## Project Results



**Quality**

Decreased the average number of days for the review period between supervisors and examiners **from 18 days to 12 days.**



*Saved review time by 33%.*



**Time**

Decreased the average number of days for an examination cycle **from 52 days to 31 days.**



*Saved staff time by 40%.*

## Project Details

**Date improvement project was initiated: 10/1/2015**

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