

PERFORMANCE AUDIT

Work in progress: Audit description



Office of the
Washington
State Auditor
Pat McCarthy

Improving Performance Management in Economic Development Programs

Attracting and supporting businesses is essential to Washington's economic growth. The Department of Commerce is the state's lead agency charged with enhancing and promoting the state's economic vitality. The Legislature allocated \$115 million in fiscal years 2024-2025 to support initiatives developed through Commerce's Office of Economic Development and Competitiveness (OEDC), which are intended to drive economic growth. For example, OEDC helps small businesses expand into international markets through export assistance. It improves small business access to capital by providing guidance on available funding opportunities, connecting businesses with financial resources, and offering direct support through microloans and grants.

However, Commerce has yet to develop a statewide economic development strategic plan. Without a comprehensive framework, including performance measures to guide evaluation and decision-making, OEDC leaders have limited insight into the effectiveness of the agency's programs. Newly appointed leaders have expressed a commitment to addressing these gaps by developing a five-year strategic plan for the entire state. To support this plan, they have described centralizing agency activities and enhancing performance measurement efforts.

Preliminary scope and objectives

This audit is designed to help strengthen Commerce's ability to support businesses by improving the agency's approach to performance management. We will review current agency processes, including whether the agency has any performance mechanisms in place to track program success and effectiveness. We will then identify leading practices and strategies recommended by experts in the field, and review how other states approach economic development planning and performance management.

The audit seeks to answer the following question:

- Which leading practices can help the Department of Commerce improve performance management of its economic development programs?

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