

AUDIT PROPOSAL

Assessing the Impact of Permanent Work from Home Options

SOURCE

This audit proposal was requested by Representative Tory Marie Arnberger.

BACKGROUND

In March 2020 many workers, including state employees, were required to work from home in response to the COVID-19 pandemic. Since then, some businesses have explored the possibility of making work from home permanent due to the associated savings and improved productivity. In August 2020, a survey by McKinsey & Company found that businesses planned to reduce office space by 30%. That same survey found a 20% reduction in business travel due to the acceptance of videoconferencing. Some studies have also found improved employee retention, engagement, and productivity for employees who work from home. However, other research has noted some downsides including more isolation, less collaboration, and increased data security concerns. Nevertheless, many experts predict that increased flexibility in work from home options will become the norm in many business sectors.

Legislators have expressed interest in understanding how many state employees could permanently work from home and what benefits and costs that may create for the state.

AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

The audit objectives listed below are the questions we would answer through our audit work. The steps listed for each objective convey the type of work we would do. These may change as we learn more about the audit issues.

Objective 1: How many state employees could potentially work from home all or part of the time? Our tentative methodology would include the following:

- Work with Revisor of Statutes and other agency officials to determine if there are any legal or regulatory barriers related to state employees working from home.
- Survey state agencies about the number of employees they think could work from home full-time, part-time, or not at all. Also, ask agencies about their experiences with work from home during COVID-19 and their opinions on the viability of making work from home options permanent.
- Review the survey results and follow-up with state agencies as necessary to ensure reliable results.

Objective 2: What impact would permanent work from home options have on state costs, hiring, and productivity? Our tentative methodology would include the following:

- For a selection of state agencies, work with agency officials to understand how their costs might change if staff worked from home. This would include savings related to the need for less space, energy savings, etc. It would also include possible cost increases related to increased technology infrastructure, data security, etc.
- Talk with state agency officials and staff to gather their opinions on what effect work from home could have on hiring or retention. Also, review any available research on the impact of working from home on an employer's ability to hire and retain staff.
- For a selection of state agencies, talk with agency officials and staff about the impact of working from home on productivity. If possible, review productivity metrics from the last few years to determine if the recent requirement to work from home significantly affected productivity. Also, review any available research on this topic.
- Talk with agency officials and review studies to understand what other costs or benefits the state could incur related to permanent work from home options. If possible, identify other states that have made work from home options permanent and talk with them about their experiences.

ESTIMATED RESOURCES

We estimate this audit would require a team of **3 auditors** for a total of **4 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).