

# **What program evaluators can learn from how we performance auditors do our work**

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“An objective and systematic examination of evidence to provide an independent assessment of the performance and management of a program against objective criteria as well as assessments that provide a prospective focus or that synthesize information on best practices or cross cutting issues.”

*Government Auditing Standards 2003 Revision*

# Questions we'll be talking about

- Our own backgrounds and perspectives
- What is that *je ne sais quoi* of an auditor?
- Why don't organizations learn to be better?
- How do you deal with uncertainty?
- What is the best way to give bad news?
- How can we get change to happen?
- How can we survive these turbulent times?

# Introductions

- Who evaluates inside their own agency?
- Who freelances?
- Who evaluates other agencies?
- Any auditors?
- Who is looking for a job?

# Caution

- Considerable variety among auditors
  - Organizational position
  - Scope of authority
  - Types of audits
- My approach to auditing is on the leading edge

# The name: Auditor

- “Auditor”: almost shock and awe
- “Program Evaluator”? Not so much
- Something better?

# Performance Auditing

Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

*2007 Government Auditing Standards Introduction*

# Types of audits

- Financial
- Attestation
- Performance
  - Internal controls
  - Compliance
  - Efficiency
  - Effectiveness
  - Equity
  - Informational

# Key attributes [ & \*differences]

- \*Professional standards and affiliations
- \*Independent
- \*We don't negotiate scope, objectives, data access
- \*Public reports (government auditors)

# Performance auditor profile

- Many different knowledges, skills, and experiences
- More diverse than Inquisitors?

# Auditing standards

- Government Auditing Standards
  - Government Accountability Office

# Major sections

- Ethical principles in government auditing
- General standards
  - Independence
  - Professional judgment
  - Competence
  - Quality control and assurance
- Field Work Standards
- Reporting Standards

# Audit overview

- \*Survey – Fieldwork – Report-writing
- \*1000 hours – 1000 hours – 1000 hours
- We are looking for:
  - Trouble
  - Not just the risk of trouble

# Trouble

- Impediments toward achieving agency mission
  - \*Bottlenecks and obstacles
  - Ineffective activities
  - \*Waste, fraud, abuse
  - \*Non-compliance
- Seek the largest benefits from our audit work
  - \*Independence means we define our scope
  - \*"Management breakdowns"

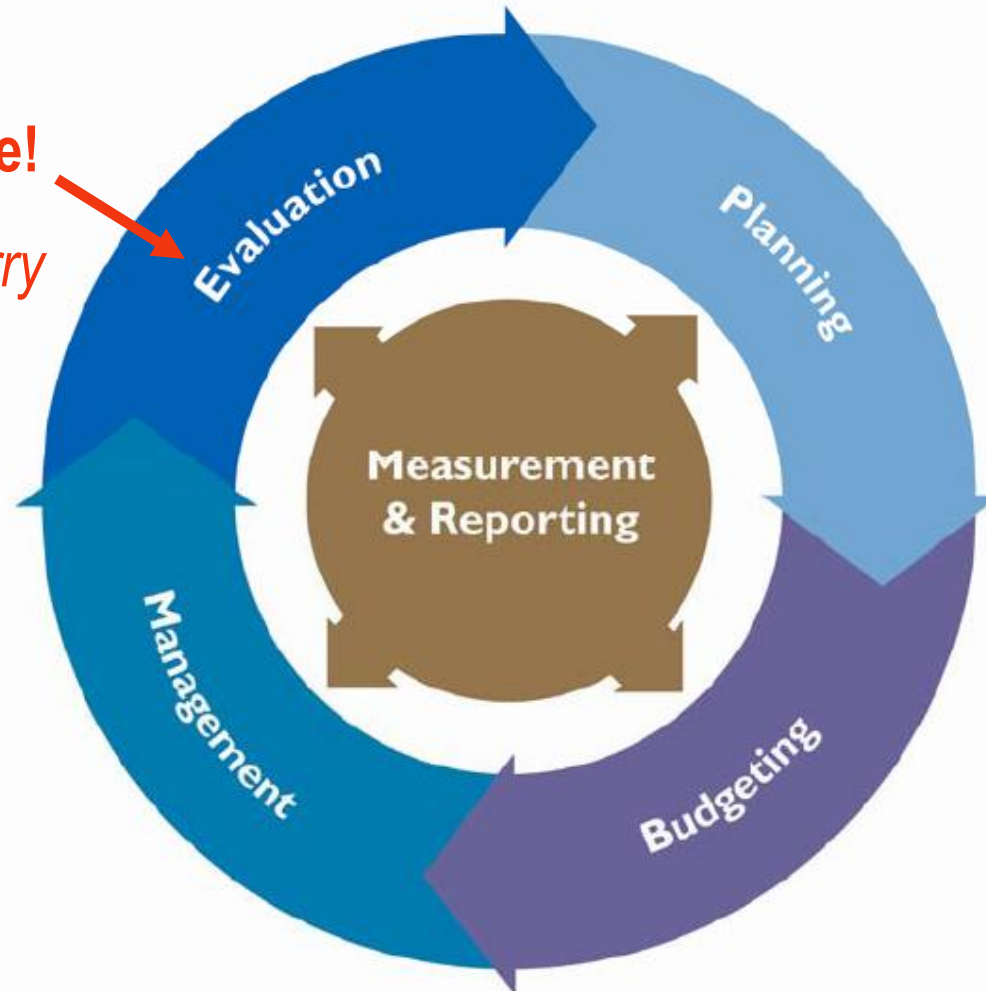
# Organizational Perspective

- \*Performance management
  - Plan – budget – manage - report
- Digging into the why

# The Performance Management Cycle

Look here!

*Oops, sorry*



*A Performance Management Framework for State and Local Government, July 2009 Draft, National Performance Management Advisory Commission*

# Why don't we ask...?

- How did we do?
- What could we do better?

# Elements of a finding

- Condition
- Criteria
- Effect
- Cause
- Recommendation

# Standards of Evidence

Manager: “Is it better than a coin toss?  
Because that’s all I’ve got right now...”

# Causality in findings

- \*Cause → Condition → Effect
- \*Reasonableness rule
  - “Auditors must obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions.”

# Judgment

“The sufficiency of evidence required to support the auditors’ findings and conclusions is a matter of the auditors’ professional judgment.

- a. The greater the audit risk, the greater the quantity and quality of evidence required.
- b. Stronger evidence may allow less evidence to be used.
- c. Having a large volume of audit evidence does not compensate for a lack of relevance, validity, or reliability.”

*Government Auditing Standards*

# Uncertainty

- How do you make decisions involving uncertainty?

# Understand the urgency

- Oregon spends \$43.8 million per day

# Accountability

Legislators, government officials, and the public need to know whether (1) government manages public resources and uses its authority properly and in compliance with laws and regulations; (2) government programs are achieving their objectives and desired outcomes; (3) government services are provided effectively, efficiently, economically, ethically, and equitably; and (4) government managers are held accountable for their use of public resources.

*2003 and 2007 Government Auditing Standards Introduction*

# ...So our audience is the public

- \*Boring stuff is in the workpapers
- \*I even hate footnotes

# Report process

- Draft report
- Index to workpapers
- Independent QC review
- Give working draft to auditee
- Meet and discuss
- \*Give final draft to auditee for response
- Publish the audit with auditee's response

# Your baby is ugly

- How do you break the bad news?

# Getting results

- Our goals: improve program performance and operations, reduce costs, facilitate decision making

# Getting change

- What strategies have you tried?

# \*Auditors use of force

- Force of reason
- Force of transparency
- Force of language and tone
- Force of the public
- Force of the media
- Force of the elected officials

# **Lastly, simple economics**

- Are you producing more value than you are costing?

