

Performance Measures for Effectiveness Auditing: Fool's Gold?

Robert Schwartz, Ph.D.
University of Toronto

Main Issues

- Reliability of data
- Validity of measures
- Auditors' definitions of effectiveness
- Paucity of outcome measures
- Attribution
- Value added

Theory: Whys

- Politics of accountability
- Principal-agent perspective (gaming)
- Lack of accreditation, training

**Reliability/Validity:
Evidence-based Skepticism**

- Program budgeting (Wildavsky)
- Intangible services (Bouckaert)
- 695 American municipalities (Streib & Poister)
- UK league tables studies
- SAI audit reports (GAO, Canada, UK, Australia)

**Can performance information
auditing help?**

Maybe:

Through performance information auditing, the auditor provides assurance regarding the quality of performance information of the reporting organization.

There is a parallel with financial attest auditing.

**Who is doing performance
information auditing?**

US, UK, Australia, Sweden, Canada...



Does performance information auditing help?

Maybe

Does performance information auditing help?

- Moynihan & Ingraham (2001): state experience suggests **YES**
- Texas experience (anecdotal) suggests **NO**

Variance in Likelihood of Reliability and Validity Issues

- Who the auditees are
- Type of programs
- How measures were developed
- How data is collected & entered
- Auditee controls to promote reliability
- Existence of performance information auditing

Usefulness of pm for effectiveness auditing

- First step: define effectiveness auditing.
- Second step: determine potential role of pm in determining effectiveness audit findings
- Third step: obstacles to actual use of performance measures for determining effectiveness audit findings
- Prognosis

Effectiveness auditing defined: Common understanding

Effectiveness audits (and program evaluations) assess, in a systematic fashion, the extent to which program outcome objectives have been met.

Other understandings

- Outcome Effectiveness
- Managerial Effectiveness
- Evaluative Effectiveness
- Quality of Service Effectiveness

Effectiveness audit vs program evaluation

The key difference between the INTOSAI's definition of evaluation studies and effectiveness audits is that only the former consider unintended effects. According to this distinction, proper audits deal only with the achievement of declared program objectives.

Schwartz's Objection !



PM and identifying indicators for effectiveness audits

- Don't generally deal with unintended consequences
- Consultation with stakeholders

Attribution, Causality

- Ruling out the counterfactual
- Comparing to a baseline
- Controlling for intervening variables
- Exploring alternative explanations

The Gold Standard

- PM can provide vital information for effectiveness audits, if:
- PI is reliable and valid
 - A broad range of indicators is covered
 - Unintended effects are explored
 - There is also exploration for attribution
