

Conducting Performance Audits in Washington State: A Status Report on I-900

Pacific Northwest Intergovernmental Audit Forum

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Brian Sonntag's vision for performance audit

The State Auditor's Office will conduct independent, constructive, evidence-based audits that:

- Improve accountability and transparency
- Identify exemplary practices
- Report on what is working and identify opportunities for improvement
- Are valued and used as a management tool
- Promote continual improvements in quality, efficiency and effectiveness
- Make recommendations that are doable

Guiding principles

- Independence:
 - Follow GAGAS (Yellow Book)
- Participation:
 - Accept and value ideas and suggestions from:
 - Front-line employees and retirees
 - Policy makers and oversight entities
 - Government managers and executives
 - Those who do business with government
 - Those who are served by government

Guiding principles continued

- Citizen involvement
 - Evidenced-based outreach program
- Reporting
 - Regular progress reports during audits
 - Widely distributed after completion

Why are we doing performance audits?

- In November of 2005, voters passed Initiative 900, giving the State Auditor's Office broad performance audit authority.
- Also in 2005, the Legislature directed the Office to do a comprehensive performance audit of transportation-related agencies (Chapter 337, Laws of 2006).

Features of Initiative 900

- ❑ Requires State Auditor to conduct independent, comprehensive performance audits of state, local government
- ❑ Dedicates 0.16 percent of state sales and use tax to fund performance audits

Features of Initiative 900

Continued

- ❑ Specifies that performance audits follow U.S. GAO Government Auditing Standards
- ❑ Audit resolution process fixes responsibility and is transparent

Budget

	2005-07*	2007-09
Revenue	\$ 23,219,200	\$ 25,015,200
FTEs	20	54
Contracting	\$ 14,503,000	\$ 13,500,000

* 2005-07 totals include dollars and FTEs for
transportation performance audits

Initiative 900 requirements

Identify:

- Cost savings
- Services that can be reduced or eliminated
- Programs or services that can be transferred to private sector
- Best practices

Analyze:

- Roles, functions and recommend changes, eliminations
- Gaps, overlaps in programs or services
- Feasibility of pooling technology systems
- Departmental performance data, performance measures and self-assessment systems
- Recommend regulatory changes that allow entity to carry out its functions

Outreach efforts

- Evidence-based outreach efforts help shape scope, objectives for performance audits
- Tools Include
 - Town hall meetings
 - Focus groups
 - Telephone and electronic surveys
 - Interviews

How I-900 changes SAO's work

- ❑ Performance audit authority is an extraordinary change
- ❑ Accountability, performance audit work eventually will be done in concert to the extent possible
- ❑ SAO is examining current staffing structure to accommodate for growth

What we learned from citizens

Outreach results revealed:

- Performance audit is not a silver bullet
- Governmental performance is about accountability, transparency and cost-effective use of resources
- The feeling that state government represents citizens' interest is at a record low
- Fewer citizens think taxes are relatively high
- One-third think money is not well spent

Outreach efforts

Six top performance audit priorities for citizens (Spring 2006):

- Public schools
- Health care
- Transportation
- Social services
- Public safety
- Environment

Who pays for performance audits?

Performance audits of state and local governments paid with a small portion of the state sales tax.

We do not bill for this audit work.

In 2007, we estimate about \$13 million will flow into the performance audit fund created in Initiative 900.

What factors determine audits?

- ❑ Evidence-based outreach
- ❑ Auditor judgment and risk assessments
- ❑ Public sentiment
- ❑ Views of Governor, policy makers, oversight entities, front-line employees and other interested parties
- ❑ Expected cost benefit or other results important to citizens

What factors determine audits?

Continued

- Best practices in performance audit
- Initiative mandates
- GMAP forums
- Priorities of Government budget process

Who will perform the performance audits?

- We have a central performance audit team that will be conducting some work.
- Local government and state audit teams also will be involved in performance audits.
- Contractors, including subject-matter experts, may be hired to conduct audits or provide assistance.

Performance audits in progress

- Department of Transportation: construction and maintenance; ferries; administration and overhead, and congestion management
- Educational Service Districts
- Department of Health, Health Professions Quality Assurance
- Sound Transit
- Port of Seattle
- Public records
- Overtime practices
- K-12 travel practices
- Take-home vehicle practices

More information on our performance audit work may be found on our Web site; www.sao.wa.gov

Key Challenges and opportunities

- ❑ Managing expectations
- ❑ Building organizational capacity to conduct quality performance audits
- ❑ Developing cadre of independent performance audit contractors
- ❑ Complementing Governor Gregoire's progressive, ambitious management agenda
- ❑ Avoiding duplication of performance audit efforts
- ❑ Minimizing the impact on agencies, programs and activities
- ❑ Communicating, communicating, communicating

SAO performance audit career opportunities

SAO Human Resources

- Stacy Peralta 360.725.5367
- Janna Burbidge 360.725.5388

SAO Web Site

- www.sao.wa.gov/jobs

Questions?

Comments?

Suggestions?



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