

**A New Service Model:
Auditor Roles in Government
Performance Measurement
(half day version)**

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Course Learning Objectives

- Learn a framework of roles and practices related to performance measurement that forms an entire discipline for government auditors to apply to increase the value they add to their entity.
- Recognize how to use these roles and practices to improve performance measurement and performance management (i.e., managing for results) of the organizations you audit.
- Learn how changing roles and practices over time enables auditors to add more value as performance management in their entity evolves.
- Learn about informational resources, tools, and training for you and your colleagues to improve your capabilities in using these roles and practices.
- Determine which roles and practices offer the best opportunities for:
 - Your audit organization or team to initiate or improve to increase the value you add to the government entity you serve.
 - You to personally develop your proficiency.

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2

**New Sloan Foundation-IIA Project:
Auditor Roles in Government
Performance Measurement**

Project Mission

Advance how auditors contribute to strengthening government performance and accountability by stimulating greater auditor involvement in improving how public performance is measured and managed.

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3

Why Should Auditors Support Performance Measurement and Performance Management?

Government:

- Precedents in the U.S. and other countries
- Citizens want the auditor's involvement (e.g., GASB focus groups)

Emerging in Private Sector:

- Assurance of business performance measurement (AICPA)

Strengthens Auditor's Role in Any Sector:

- Increase auditor value-added to entity
- Congruent with auditor's mission, values, and standards
- Auditors have the right knowledge, skills, and abilities
- Decision makers need the auditor's involvement

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4

Where Did the New Sloan Foundation-IIA Project Come From?

- Previous Sloan-IIA Research Foundation project led to a **framework of auditor roles & practices** published in a 2004 book.
- New 3-Year Project (2007-09) funded by the **Sloan Foundation & The IIA; ALGA and NASACT** signed on as early partners.

➤ **More partners welcome.**

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5

Framework of Auditor Roles & Practices ("New Service Model") Developed From:

- Auditors' responses to surveys and interviews.
- Auditors' reports and methodologies.
- An analysis of exemplary practices from audit organizations across North America.

So these roles and practices not only form a logical framework, they are also experienced-based: they work in practice.

- Published in: **Auditor Roles in Government Performance Measurement: A Guide to Exemplary Practices at the Local, State, and Provincial Levels** by Paul D. Epstein, Stuart S. Grifel, and Stephen L. Morgan (IIA Research Foundation, 2004)

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6

What Services Does the New Sloan-IIA Performance Measurement Project Provide?

- **Training courses** to support development and implementation of any of the defined auditor roles your organization may consider establishing or strengthening.
- **Multifunctional, regularly updated website** with examples from practice, tools, & resources to support auditors pursuing any of the defined auditor roles.
- **Special presentations & dialogs** at conferences, meetings, and other events to encourage auditors and non-audit officials (in 2008-09) to support government performance measurement and management.

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7

Auditor Roles in Performance Measurement Website Has

- **Professional Context & Issues**, e.g., contextual models, independence issues.
- **Exemplary Practices**: numerous examples from audit offices across North America, many with links to reports.
- **Tools for Auditors**, e.g., criteria, audit programs & steps, checklists, guidance for audit staff or auditees.
- **Case Histories** of how audit offices have changed roles & practices over the years to add more value.
- **Training Courses & Schedule**
- **Topical Articles**

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8

**A New Service Model:
Five Roles Auditors Play in Government Performance Measurement**



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9

The five roles that have emerged include two “traditional” auditor roles:

Role 1: Audit Performance or PM Systems:

Auditing Performance or Performance Management Systems

Role 2: Assess Performance Information:

Assessing the Quality of Performance Information or Performance Reports

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10

... and three “nontraditional” roles for auditors:

Role 3: Define or Measure Performance:

Developing Performance Measures or Measuring Performance *Outside the Traditional Audit Process*

Role 4: Encourage or Assist Management:

Planning, Designing, Improving, or Advocating for Performance Management Systems and Their Use

Role 5: Assist Elected Officials or Citizens:

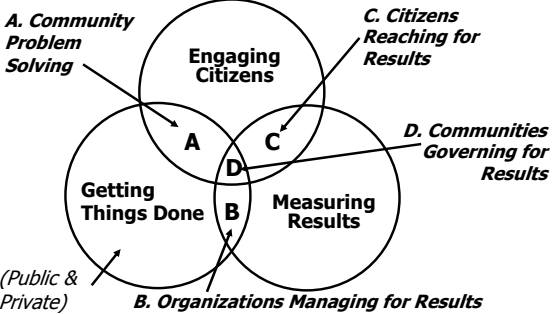
External Reporting, Capacity Building, or Advocacy for the Use of Performance Information

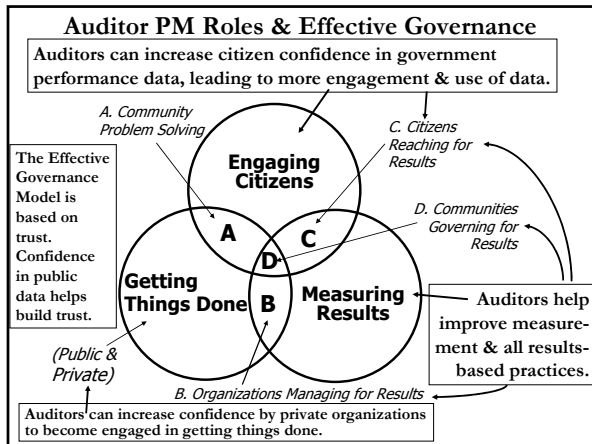
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11

Effective Community Governance Model

from *Results that Matter* (Jossey-Bass, 2006)
Align 2 or 3 “Core Skills” to Get 4 “Advanced Governance Practices”





Role 1. Audit Performance or PM Systems

Practices:

- **Practice 1a. Audit Performance:** Measure or assess performance during an audit or other study based on authoritative auditing standards.
- **Practice 1b. Audit Performance Management Systems:** Audit or assess existing performance management systems or practices.

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Role 1, Practice 1a —

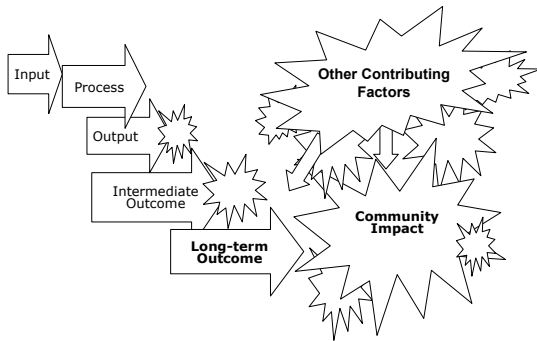
Auditing Performance and Performance Management Systems

Measure or assess performance during an audit or other study based on authoritative auditing standards. (See Austin, Florida OPPAGA, Kansas City, Phoenix on www.AuditorRoles.org)

- Identify the program's inputs, processes, outputs, and outcomes
- Develop and implement "ad hoc" performance measurement system
- Using performance expectations as "criteria" and measures as "condition," analyze program performance
- Identify causes of variances and develop audit recommendations

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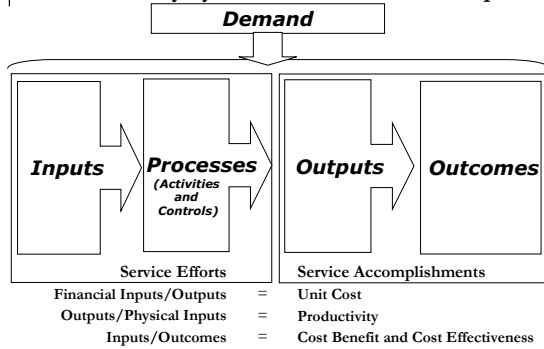
Model to aid Practice 1a. Audit performance.



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16

Service Delivery System Cause-Effect Assumptions



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17

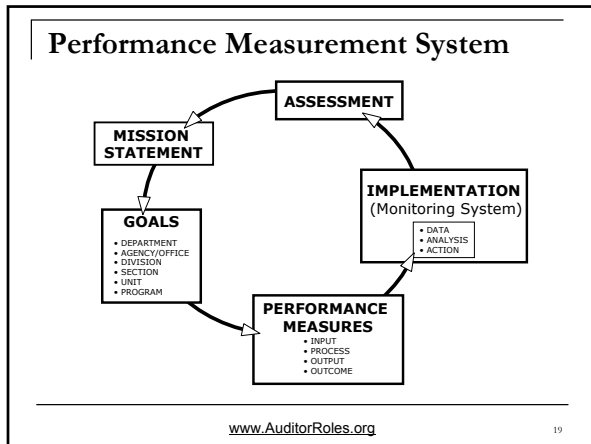
Role 1, Practice 1a — Audit performance.

Government Performance Expectations

MISSION PERFORMANCE GOALS			
INPUT ECONOMY & SUFFICIENCY	PROCESS EFFICIENCY	OUTPUT EFFECTIVENESS	OUTCOME EFFECTIVENESS
<ul style="list-style-type: none"> •Financial <ul style="list-style-type: none"> -Amount, timing •Physical: <ul style="list-style-type: none"> -Quantity, quality -Timing, price •Capacity vs. demand 	<ul style="list-style-type: none"> •Productivity •Unit Cost •Operating Ratios 	<ul style="list-style-type: none"> •Quantity •Quality: products, delivery •Timeliness •Price/Cost 	<ul style="list-style-type: none"> •Mission&Outcome Goal Achievement •Financial Viability •Cost-Benefit •Cost-Effectiveness
CROSSCUTTING PERFORMANCE GOALS			
← Compliance with Laws and Regulations →			
← Resources - Safeguarding - Infrastructure →			
← Continuous Improvement →			
← Reliability, Validity, Availability of Information →			
← Underlying Values →			
← Customer and Stakeholder Satisfaction →			

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18



Exercise 1 —

How will a performance audit be different if the program audited:

- 1. Has performance measures that are at least “reasonably” meaningful?**
- 2. Has no performance measures, or none that are meaningful?**

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Role 1, Practice 1b —

Audit Performance Management Systems

- Determine if existing performance accountability or measurement systems are adequate
- Compare to models, guidelines, requirements, or other criteria
- Recommend system improvements

Examples at www.AuditorRoles.org

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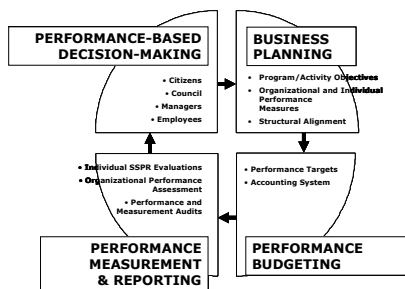
Models to aid *Practice 1b. Audit performance management systems.*

Many “Managing for Results” Models Are Available to Provide Criteria for Performance Management Systems Audits

Austin City Auditors Used the **Government Performance Accountability System** as **Criteria** for Citywide Audits in 1998 and 2002.



Managing for Results Framework: City of Austin



Rating on Accountability

Accountability System Rating: In the early years of implementation of Florida’s Performance Based Program Budgeting System, OPPAGA rated how well programs assess their performance. In other words, can program managers tell if a program accomplishes its purpose?

In making a rating, OPPAGA looked at such things as the program’s goals, information on results, how management uses this information to improve performance, and how well the agency reports performance to decision makers and the public. OPPAGA was *not* rating the actual performance of the program, but rather how well the agency accounts for its performance.

Accountability Rating	Meets Expectations	Needs Some Modifications	Needs Major Modifications
Program Purpose & Goals	X		
Performance Measures	X		
Data Reliability		X	
Reporting Information & Use by Management			X

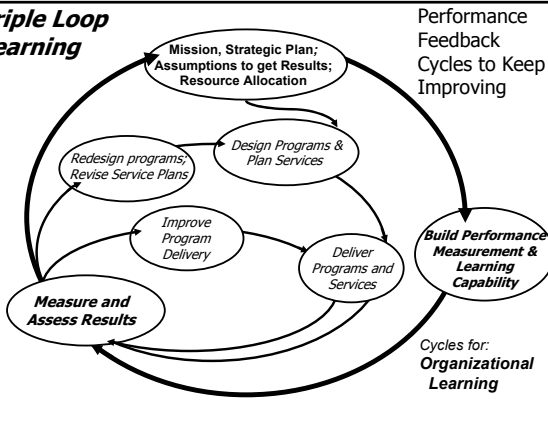
Source: Florida Office of Program Policy Analysis and Government Accountability

Deeper Levels Public Organizations Can Take Performance Management Systems

... and consequently, more for auditors to assess as PM systems evolve:

- “Line of sight” from employee performance evaluation to the entity’s strategic goals.
- Move from “performance management” to “strategy management” (e.g., broader use of cause-effect approaches such as balanced scorecards)
- Move from organizational management to organizational learning.

Triple Loop Learning



Role 2. Assess Performance Information

Practices:

- **Practice 2a. Test Relevance or Reliability:** Test or certify performance measurement relevance, reliability, or both.
- **Practice 2b. Assure Performance Reports:** Audit, attest to, assure, or certify external performance reports.
- **Practice 2c. Support External Review:** Support external review processes to assess and improve performance information or reporting, or the performance basis for planning, budgeting, or other decision making.

**Providing Assurance of Performance
Information – International Precedents**

- Western Australia Legislative Auditor– 1985
- New Zealand Auditor General – 1989
- Swedish National Audit Office – 1995
- Alberta Auditor General – 1996 *(and other provinces since then)*
- Auditor General of Canada –1997
- United Kingdom National Audit Office – 2001

Source: John Mayne and Peter Wilkins, "Believe it or not: The Emergence of Performance Information Auditing" in *Issues in Assuring the Quality of Evaluative Information: Approaches, Practices and Implications for Public Management* (Transaction Publishers, 2005.)

Numerous examples from the U.S. & Canada at:

www.AuditorRoles.org

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28

Practice 2a — Test Relevance or Reliability.

Test or certify performance measurement relevance, reliability, or both, e.g.:

- Austin City Auditor
- Austin Corporate Internal Audit
- British Columbia Auditor General
- Colorado Springs City Auditor
- Florida OPPAGA
- Kansas City (Mo.) City Auditor
- Louisiana Legislative Auditor
- Maricopa County (AZ) Internal Audit
- Nevada Legislative Auditor
- Phoenix City Auditor Department
- Portland (OR) City Auditor
- Prince William County (VA) Internal Audit
- Texas State Auditor
- Virginia Auditor of Public Accounts

See examples at
www.AuditorRoles.org

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29

Practice 2a — Test relevance or reliability.

**Assessing the Reliability of Performance
Measures: Sample Criteria**

Measures should be:

Accurate Neither overstated nor understated
 Computed correctly

Impartial/Fair Neutral and unbiased
 Represented objectively
 Appropriately precise

Correctly Defined Corresponds to the phenomena
 being reported
 Complies with measure definition

Consistent Consistent with previous periods
 Controlled by adequate systems

Source: Previous AICPA Attestation Standards

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30

Practice 2a — Test relevance or reliability.

Assessing the Relevance of Performance

Measures: Sample Criteria

Measures should be:

- | | |
|-----------------------|---|
| Pertinent | Linked to mission goals, objectives = Aligned
Useful for decisions
Responsive to change |
| Inclusive | Includes essential aspects of performance
Meets broad needs of users |
| Timely | Available when needed
Provided when required |
| Understandable | Clear, communicated well
Explainable, can be interpreted |
| Comparable | Frames of reference for assessing performance,
e.g., vs. earlier time periods, internal targets, external
standards, other internal units, other entities |

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31

Exercise 2 —

Main goal of a city's sewer cleaning operation:

Keep the sewer system clear to minimize overflows and clogged sewers.

Performance measures used:

- > **Number of miles of sewers cleaned.**
 - > **Sewer crew staff time used.**
 - > **Cost of staff time & materials used.**
 - > **Cost per mile of sewer cleaned.**
1. **Is this a relevant set of performance measures?**
 2. **What might happen if these are the only measures used?**

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32

Objectives of a Reliability Certification Audit

- Determine if departments are accurately reporting their program performance measures to the PM database.
- Determine whether departments have sufficient control systems in place over the collection, analysis and reporting of their PM data.
- Encourage departments to develop and promulgate department-wide data quality policies and procedures and assess accuracy of their data and system controls on an ongoing basis.

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33

Many Tools Available to Aid *Practice 2a. Test relevance or reliability.* *Example:*

Performance Measurement Certification Steps for Reliability

Summary – Four Main Steps

1. Compare source documents to what was reported in the centralized database
2. Review input, output, process controls of PM data
3. Check that the definition is clear and being followed
4. Check the accuracy of source documents

More detailed steps, audit programs, & criteria are:

- In the “Auditor Toolkit” at www.AuditorRoles.org
- In the course *Assessing the Reliability and Relevance of Performance Information*

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34

Role 2, Practice 2b —

Assure Performance Reports.

Audit, attest to, assure, or certify performance reports, e.g.:

- Milwaukee County
- Alberta
- British Columbia
- Quebec
- Saskatchewan

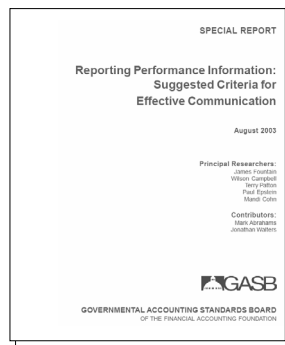
Examples at www.AuditorRoles.org

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35

Tools to Aid Practice 2b. Assure performance reports.
Example:

State and Local Government Reporting Criteria



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36

Useful Criteria for *Practice 2b. Assure performance reports:*
GASB Performance Reporting Criteria

The External Report on Performance Information

1. Purpose and scope
2. Statement of major goals and objectives
3. Involvement in establishing goals and objectives
4. Multiple levels of reporting
5. Analysis of results and challenges
6. Focus on key measures
7. Reliable information

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37

Useful Criteria for *Practice 2b. Assure performance reports:*
GASB Performance Reporting Criteria (continued)

The Performance Information to Report

8. Relevant measures of results
9. Resources used and efficiency
10. Citizen and customer perceptions
11. Comparisons for assessing performance
12. Factors affecting results
13. Aggregation and disaggregation of information
14. Consistency

Communication of the Performance Information

15. Easy to find, access, and understand
16. Regular and timely reporting

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38

Useful Criteria for *Practice 2b. From Canada:*
CCAF-FCVI Performance Reporting Principles

- Focus on the few critical aspects of performance
- Look forward as well as back
- Explain key risk considerations
- Explain key capacity considerations
- Explain other factors critical to performance
- Integrate financial and non-financial information
- Provide comparative information
- Present credible information, fairly interpreted
- Disclose the basis for reporting

**Recently expanded by CICA-Public Sector Accounting Board
and approved as a Statement of Recommended Practice:
SORP-2: Public Performance Reporting**

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39

Practice 2b – Assure Performance Reports.

- Examples and Tools for assessing and improving performance reports are at www.AuditorRoles.org
- Practice using criteria for auditing performance reports is provided in the training course **Assessing the Quality of Performance Information and Performance Reports**

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40

Role 2, Practice 2c —

Support External Review.

Support external review processes to assess and improve performance information or reporting, or the performance basis for planning, budgeting, or other decision making.

- AGA's Certificate of Excellence in Accountability Reporting (CEAR) Program (U.S. Federal)
- AGA's Service Efforts and Accomplishments Reporting (SEA) Program, including Certificate of Achievement awards (U.S. State & Local)
- National Center for Civic Innovation's (NCCI) Performance Reporting "Trailblazer" grants (U.S. and Canada, local, state, & provincial)

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41

Role 3. Define or Measure Performance (outside the traditional audit process)

Practices:

- **Practice 3a. Help Choose Measures or Targets:** Provide advice on determining performance measures or performance expectations.
- **Practice 3b. Collect Data:** Collect performance measurement data.

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42

Role 3, Practice 3a —

Help choose measures or targets.

Provide advice on determining performance measures or performance expectations

- Select measures for public reporting from various sources (e.g., Palo Alto)
- Research, focus groups, procedures testing to help management determine useful, practical measures (e.g., Phoenix)
- "Special studies" to identify performance measures (e.g., Kansas City, MO)

Examples at www.AuditorRoles.org

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43

Role 3, Practice 3b —

Collect Data.

Collect performance measurement data

(Kansas City, MO; Portland; Prince William County, VA; Phoenix; several department internal auditors).

- Identify the sources of data needed to support the measures.
- Decide how, on a recurring basis, to collect the data and to assure its reliability and validity. Whenever feasible, use existing information systems to provide the data
- Select the most appropriate technology architecture to maintain the data
- All examples identified to date are citizen or customer surveys and focus groups

Examples at www.AuditorRoles.org

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44

*Exercise 3 — Complete Worksheet 1 (Auditor Self-assessment of Use) for **ROLES 1, 2 & 3 ONLY***

To the best of your knowledge, for practices 1a, 1b, 2a, 2b, 2c, 3a and 3b:

- Note the past and current level of use of each practice.
- Note whether you or your audit organization need more skills, techniques, or knowledge to perform each practice more often or more effectively.

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45

Advocacy Practices in:

**Role 4. Encourage or Assist Management and
Role 5. Assist Elected Officials or Citizens**

Practices:

- **Practice 4a. Encourage Management:** Encourage management to develop and implement performance management systems.
(Internal Advocacy)
- **Practice 5a. External advocacy:** Advocate to, or assist, external stakeholders, concerning the development, implementation, or improvement of government performance management systems.

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46

Role 4, Practice 4a —

Encourage Management.

Encourage management to develop and implement performance management systems (Alberta, Florida OPPAGA, Texas, Portland, OR).

- Advocate by researching and identifying “best practices” and benefits of performance management.
- Point out needs or opportunities to improve current systems and practices.
- Provide guidance on initial performance management system design.

See examples at www.AuditorRoles.org

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47

Role 5, Practice 5a —

External Advocacy

Advocate to, or assist, external stakeholders concerning the development, implementation, or improvement of government performance management systems (Montgomery County, MD; Austin; Kansas City, MO; Portland, OR).

- Write resolutions, ordinances, and guidelines.
- Provide evidence (analyses, reports, etc.) demonstrating benefits of performance management.
- Testify or make presentations about need to develop or improve performance measurement systems.

See examples at www.AuditorRoles.org

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48

Exercise 4 —

1. **Brainstorm and then review barriers to developing and implementing performance accountability systems in government.**
2. **What can be done to stimulate greater support from managers, elected officials, and citizens for performance-based decision making?**



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49

Role 4. Encourage or Assist Management

Practices:

- **Practice 4a. Encourage Management:**
Encourage management to develop and implement performance management systems.
(Already Discussed)
- **Practice 4b. Assist Management:** Assist management in designing, improving, or maintaining performance management systems, or build the capacity of management to do so.

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50

Role 4, Practice 4b —

Assist Management.

Assist management in designing, improving, or maintaining performance management systems, or build the capacity of management to do so (Austin, West Palm Beach, Phoenix, British Columbia, Saskatchewan).

- Provide advisory assistance, consulting, training, or “hands on” assistance at any or all stages of the performance management initiative.
- Serve on internal teams to design and implement performance management systems.

See examples at www.AuditorRoles.org

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51

Role 5 —
Assist Elected Officials or Citizens.

In this role, auditor practices especially relate to external stakeholders, including...

- Non-executive elected officials
- Citizens
- Interest groups
- Grantees & contractors (non-profit & for profit)
- Media

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52

Role 5. Assist Elected Officials or Citizens

Practices:

- **Practice 5a. External Advocacy:** Advocate to, or assist, external stakeholders, concerning the development, implementation, or improvement of government performance management systems.
(Already Discussed)
- **Practice 5b. Report Performance:** Produce and issue external periodic performance reports.
- **Practice 5c. Assist External Decision Making:** Assist external stakeholders in using performance information to make decisions.

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53

Role 5. Assist Elected Officials or Citizens

Practices (continued):

- **Practice 5d. Engage Citizens:** Engage citizens in determining performance goals, objectives, or measures.
- **Practice 5e. Assess Citizen Engagement:** Assess or improve citizen engagement related to performance management.

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54

Local, State, & Provincial Performance Accountability Mandates

- *Mayor's Management Report* in New York City Charter, since 1977.
- Texas HB 2009, 1991.
- Austin "Performance Measurement and Reporting" Resolution, 1992.
- Prince William Co. "Government services planning, budgeting, and accountability" ordinance (PWC County Code Section 2-1), 1994.
- Alberta Government Accountability Act, 1995.
- Chapter 94-249, Laws of Florida, 1995-96.
- British Columbia Budget Transparency & Accountability Act, 2000.
- Quebec Public Administration Act, 2000.
- Saskatchewan mandated performance reporting guidelines, 2000 & 2003.
- Virginia House Bills 1002, 2097, 2002 – 2003.
- Portland Resolution in support of Managing for Results process, 2003.
- By 2000, 33 states had passed "broad governing for results legislation." (Liner et al. *Making Results-Based State Government Work*, Urban Institute and National Conference of State Legislatures, 2001)

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55

Role 5, Practice 5b — Report performance
Produce and Issue External Performance Reports
(See example at www.AuditorRoles.org)

- Auditor takes on role more typically played by management
- Performance reporting is still in the "experimental" stage with various models being promulgated.
 - GPRA's/OMB's Performance Reporting Requirements
 - FASAB's Accountability Model
 - GASB's "Reporting Performance Information: Suggested Criteria for Effective Communication"
 - PSAB Statement of Recommended Practices (Canada, supersedes CCAF-FCVI Principles)
 - Balanced Scorecard (City of Charlotte—not Auditor)
 - Blend of Print & Web-based Reports (e.g., NYC MMR—not Auditor, Portland City Auditor: on-line neighborhood survey results)

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56

When Variances Occur, Focus on Five Criteria to Ensure Quality of Performance Reporting

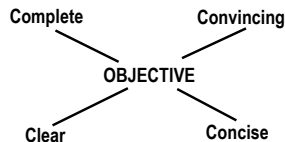
Objective: Unbiased explanation presented based on facts and reasonable interpretation of facts.

Complete: Explanation substantially addresses variance and gives report users an adequate and correct understanding of causes.

Convincing: Explanation is logical and sufficient to satisfy report users that interpretations of facts are valid.

Clear: Explanation is easy to read and understand through the use of straightforward, non-technical language.

Concise: Explanation avoids excessive detail and is no longer than necessary to convey the primary causes of variance.



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57

Role 5, Practice 5b — Report performance
Produce and Issue External Performance Reports

- In *Practice 2b. Assure performance reports*, auditors play an “**assuror**” or “**attester**” role
 - By reviewing management’s reports against criteria or principles for good external reporting and recommending needed improvements.
- In *Practice 5b. Report performance*, auditors play a “**preparer**” role
 - By preparing and issuing an entity’s performance report.

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58

Role 5, Practice 5c —
Assist External Decision Making.

Assist external stakeholders in using performance information to make decisions (Portland, OR—Progress Board Staff, Florida OPPAGA).

- Provide education and training
- Provide technical support
- Provide special analyses and reports
- Provide easy access to information and informational “alerts” (e.g., via the Internet)

See examples at www.AuditorRoles.org

www.AuditorRoles.org

59

Role 5, Practice 5d —
Engage Citizens.

Engage citizens in determining performance goals, objectives, or measures (Kansas City, MO; Phoenix; Multnomah County, OR).

- Public forums
- Focus groups
- Advisory committee meetings
- Preference surveys

See examples at www.AuditorRoles.org

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60

Role 5, Practice 5e —

Assess Citizen Engagement.

Assess or improve citizen engagement related to performance management.

Potential “Future Practice.” Two “precursor examples” identified: Auditors assessed citizen engagement in other matters:

- “Governance Assessments” of boards & commissions (Kansas City, MO)
- Assessment of effectiveness and representativeness of citizen participation for public planning processes (Metro Auditor, Portland, OR).

See examples at www.AuditorRoles.org

www.AuditorRoles.org

61

Exercise 5 —

Under what circumstances can it be especially useful for auditors to:

- Assist elected officials or other external stakeholders in using performance information for decision making (5c)?
- Engage citizens (5d)?
- Assess citizen engagement (5e)?

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62

Exercise 6 — **Complete Worksheet 1 (Auditor Self-assessment of Use) for ROLES 4 & 5**

To the best of your knowledge, for practices 4a & 4b, and practices 5a, 5b, 5c, 5d, & 5e:

- Note the past and current level of use of each practice.
- Note whether you or your audit organization need more skills, techniques, or knowledge to perform each practice more often or more effectively.

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63

Key Lessons from Practice-based Research

- **Auditors can add credibility** to performance information, which can increase the value and use of performance information for decision making and accountability.
- **Auditors can be effective advocates for improvement** of performance measurement and performance management systems of the government organizations they serve, **both internally (with management) and externally (with elected officials and citizens).**
- **Auditors can play multiple roles** with respect to performance measurement, and **can increase the value they add to their governments by changing the roles they play over time** as performance management evolves in the entities they audit.

See www.AuditorRoles.org for case histories demonstrating added value with changing roles.

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64

Auditor Practices	PM System Maturity	Auditor Value Added
1a: Audit Performance: Measure performance during an audit, one program audit at a time.	Performance measures non-existent, or not relevant or reliable.	Performance improvement recommendations, but very labor intensive.
1b: Audit PM Systems; 2a: Test Relevance, Reliability 3a: Help Choose Measures or Targets: <i>May need to practice advocacy (4a: Internal or 5a: External) first.</i>	<ul style="list-style-type: none"> -Quality of existing measures, data, & systems mixed, at best. -Quality gradually improves in response to audits. 	<ul style="list-style-type: none"> -Recommend improved measures & systems; starts out labor intensive. -Less auditor effort needed as system quality improves.
4b: Assist Management: Help management build or improve PM systems, & build PM capacity of internal users. <i>May need to practice advocacy (4a: Internal or 5a: External) first.</i>	<ul style="list-style-type: none"> -More rapid advancement of systems, measures, & data. -Greater use of data by management for decisions and improvement. 	Leverage auditor value through management actions & consulting or "partner" relationships.
2b: Assure Performance Reports OR 5b: Report Performance; 3b: Collect Data; 5c: Assist External Decision Making; 5d: Engage Citizens; 5e: Assess Citizen Engagement 1a-Audit Performance: Extra Value Added: Collect special data.	<ul style="list-style-type: none"> -Systems, measures, & data quality rarely an issue. -Greater use of data by external stakeholders (esp. citizens, elected officials). 	Auditors take on additional higher-value work, e.g., higher value policy influence, help external stakeholders improve decisions or make priorities more representative.

Evolution of Practices: Example: City of Austin:

1a-Audit Performance: Measured performance during audits

- Data often unreliable
- Measures often not relevant

5a-External Advocacy: Advocated to external stakeholders (City Council) for development and implementation of government performance management systems

- Performance measurement resolution
- Best practices presentations to Council Audit & Finance Committee

1b-Audit PM Systems: Audited existing performance management systems

- 1994, 1996, 1998, 2002

4b-Assist Management: Assisted management in designing & improving performance management systems, & helped build management capacity

- Performance measurement training to departments
- Assisted in developing business planning guidelines
- Served on Corporate business planning team
- Assisted agencies in developing relevant performance measures

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66

Example: City of Austin: Current Practices

2a-Test Relevance or Reliability: Test or certify the reliability of performance measures

- **Corporate Internal Audit** (reports to management) developed certification process; certifies measures in several departments per year.
- Management has taken prime responsibility for data reliability
- The quality of performance information improved
- **City Auditor** (reports to City Council) upgraded its reliability testing to include the use of software tools: data mining for less reliance on sampling, and GIS software to test geographic performance information.

1a-Audit Performance With More Value Added: Measure performance during audits: City Auditor:

- Can do more value-added measurement
- Still assesses and recommends improved department measures during audits
- Regularly reviews trends in department performance measures
- With more reliable department measures available, City Auditor now uses performance data trends in risk assessment to pick better audit targets.

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67

Example: Florida OPPAGA

1a: Audit Performance: Measured performance during audits (before new systems)

- Data may be unreliable, measures may not have existed or not be relevant.

2a: Test Relevance or Reliability: Tested the relevance and reliability of performance measures & data

- Legislation requiring strategic planning and performance-based budgeting, Chapter 94-249, Laws of Florida, 1995-96

1b: Audit Performance Management Systems: Audited existing performance management systems

- Accountability Rating System used until department systems matured.
- Quality controls built into agency systems and became management responsibility; as they took hold, auditor efforts to test quality diminished.

4b: Assist Management: Built management in capacity to use new performance management systems

- Jointly visited agencies with governor's staff to help agencies learn new performance budgeting system.
- Provided technical assistance to agencies to improve measures & systems.
- Auditor TA time diminished as agencies met budget system requirement

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68

Example: Florida OPPAGA (continued)

5a: External Advocacy: Advocate to external stakeholders for development and implementation of government performance management systems

- Provide legislative briefings and guidance in using and improving Florida's performance management systems.
- Series of brief "PB2 Summary Reports" to inform legislature of progress in implementing performance budgeting system, how performance management initiatives were faring, recommend system improvements.

5c: Assist External Decision Making: Assist external stakeholders in using performance info to make decisions

- Program Evaluation and Justification Reviews to legislature on programs.
- Internet-based public information related to program performance: e.g., *Florida Government Accountability Report: FGAR*: <http://www.oppaga.state.fl.us/government/>
Florida Monitor: <http://www.oppaga.state.fl.us/> & *Florida Monitor Weekly*.

1a: Audit Performance With More Value Added: Measure performance during audits

- Build on existing measures for more in-depth studies & policy analyses.
- Sharpening the Pencil Act Best Practices Reviews of Local School Districts.

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69

Exercise 7 – Self-assessment Worksheets 2 & 3.

- Your perceptions of:
 - Key aspects of performance management in your entity and opportunities to use auditor practices.
 - Auditor training needed.
- Key players in your entity other than auditors:
 - Their level of understanding of performance management and their willingness to improve it.
 - How to convince them to support action.
- Next Steps:
 - Next three practices to start, increase, or improve.
 - Value added of each.
 - Training & development needed.
