

Maintaining Audit Integrity in a Time of Increasing Threats to the Audit Community

Kip R. Memmott
Audits Director

Pacific Northwest Intergovernmental Audit Forum (PNIAF)
May 20, 2019



**Secretary of State
Oregon Audits Division**

Rise to the Calling

- A Noble Profession
- Importance of Government Oversight Functions
- Objectivity Void
- The Activist Auditor Concept
- Optimizing Impact and Value-Add Potential
- Navigating Risks to the Profession



Public Accountability Under Siege

- The United States of America in 2019
- Age of Diminishing Accountability and Transparency
- Crisis of Confidence – Erosion of Public Trust
- Tribalism and “Fake News”
- Auditors’ Inherent Disadvantages
 - Pace of Play
 - Communication Restrictions
 - Lack of True Independence
 - Risk Adversity for Engaging in the Political Arena
- Obstruction, Bully Pulpit Attacks, and Budgetary Payback



War Stories

Attacks on Auditors Not Just Theoretical

- Real-Time Oregon SOS Performance Audit Authority Issue
- Governor Office Response to SOS Foster Care Audit
- U.S. Department of Justice Inspector General
- 1994 GAO Budget Cuts
- California State Auditor
- Massachusetts State Auditor
- Iowa State Auditor
- City of Lawrence Kansas Auditor
- Canadian Auditor General
- Auditor General of South Africa



Accusations of partisanship rile SOS audits chief

Claire Withycombe/Capital Bureau Friday, February 09, 2018

Governor's spokesman tells paper audits are political, but auditors fire back



PAMPLIN MEDIA GROUP - A spokesman for Gov. Kate Brown has charged that audits conducted under Republican Secretary of State Dennis Richardson are partisan, causing the audit director to fire back.



SALEM — A public accusation by a gubernatorial staffer that the secretary of state's audits are politically motivated has created a dust-up between Oregon's two top offices, public records show.

“
... a spokesman for Democratic Gov. Kate Brown told the Salem Statesman-Journal that Richardson's audits “are just about politics.”
”



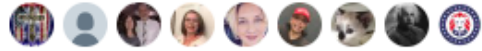
“


A screenshot of a tweet from Donald J. Trump (@realDonaldTrump) dated February 28, 2018. The tweet text is: "Why is A.G. Jeff Sessions asking the Inspector General to investigate potentially massive FISA abuse. Will take forever, has no prosecutorial power and already late with reports on Comey etc. Isn't the I.G. an Obama guy? Why not use Justice Department lawyers? DISGRACEFUL!". The tweet has 23,273 retweets and 84,518 likes. The interface includes a 'Follow' button, a dropdown arrow, and icons for replies (40K), retweets (23K), likes (85K), and direct messages. A row of profile pictures of users who interacted with the tweet is visible below the engagement metrics.

Donald J. Trump 
@realDonaldTrump Follow 

Why is A.G. Jeff Sessions asking the Inspector General to investigate potentially massive FISA abuse. Will take forever, has no prosecutorial power and already late with reports on Comey etc. Isn't the I.G. an Obama guy? Why not use Justice Department lawyers? DISGRACEFUL!

9:34 AM - 28 Feb 2018

23,273 Retweets **84,518** Likes 

 40K  23K  85K 

”

When Congress wiped an agency off the map

By Ed O'Keefe
November 29, 2011



(Andrew Harnet/BLOOMBERG)

“

Bartlett warns that history is repeating itself as lawmakers are pushing to cut the budget of the [Government Accountability Office](#) to demonstrate fiscal responsibility while Gingrich is reviving his calls to eliminate of the [Congressional Budget Office](#), which he recently called “a reactionary socialist institution which does not believe in economic growth.”

“It is essential that Congress not cripple what is left of its in-house expertise,” Bartlett writes. “Gutting the GAO and abolishing the CBO would be acts of nihilism. Any politician recommending such things is unfit for office.”

”

“

Lately, the G.A.O. has been the prime target. Appropriators are [cutting its budget](#) by \$42 million, forcing furloughs and cutbacks in investigations that identify billions of dollars in savings yearly. So misguided is this effort that Senator [Tom Coburn](#), Republican of Oklahoma and one of the most conservative members of Congress, came to the agency’s defense.

In [a report](#) issued by his office on Nov. 16, Senator Coburn pointed out that the G.A.O.’s budget has been cut by 13 percent in real terms since 1992 and its work force reduced by 40 percent — more than 2,000 people. By contrast, Congress’s budget has risen at twice the rate of inflation and nearly doubled to \$2.3 billion from \$1.2 billion over the last decade.

”



Economix

Explaining the Science of Everyday Life

Gingrich and the Destruction of Congressional Expertise

BY BRUCE BARTLETT NOVEMBER 29, 2011 6:00 AM 39



[Bruce Bartlett](#) held senior policy roles in the Reagan and George H.W. Bush administrations and served on the staffs of Representatives Jack Kemp and Ron Paul. He is the author of the coming book [“The Benefit and the Burden.”](#)

MARCOS BRETÓN

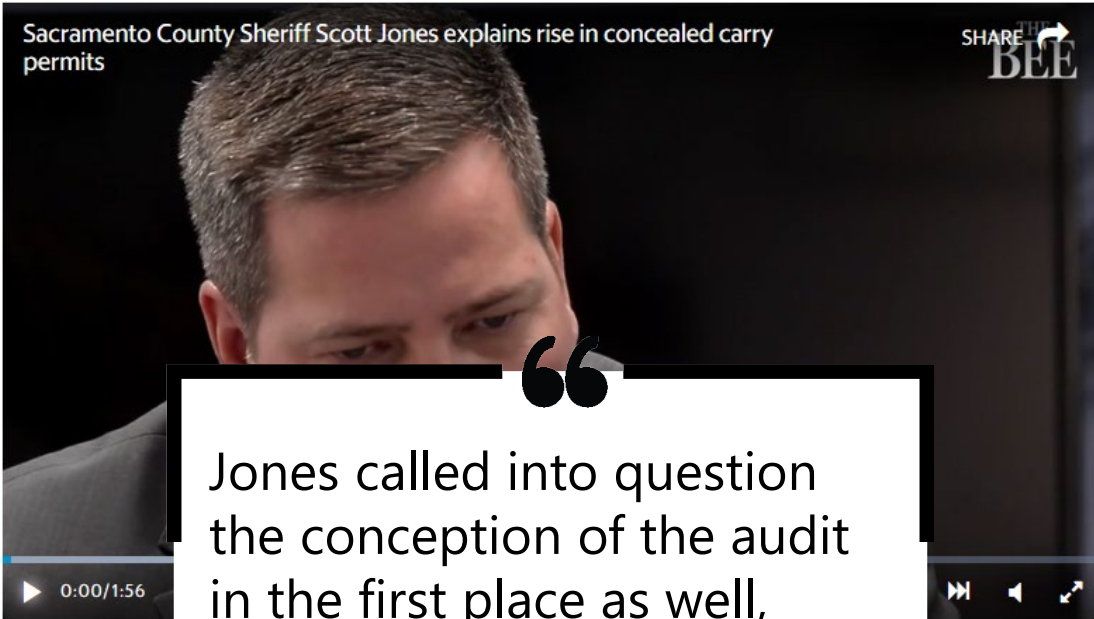


Marcos Bretón

Sheriff Scott Jones threw a verbal punch at the state auditor, but hit the DA too

BY MARCOS BRETÓN

JANUARY 14, 2018 04:00 AM, UPDATED JANUARY 16, 2018 02:30 PM



Sacramento County policy on concealed

reau, explains his

“ Jones called into question the conception of the audit in the first place as well, claiming it was created out of “questionable circumstances” and was a political move ”

Why Government Watchdogs Are Worried

Budget cuts and political retaliation, they say, are endangering their jobs and their ability to uncover information.

SEPTEMBER 2017



Elaine Howle, California's auditor,

COLUMN MICHAEL HILTZIK BUSINESS

The audit of UC's management shows that the real threat to higher education is inside the house

By MICHAEL HILTZIK MAY 05, 2017 | 8:00 AM



Ready for the hot seat: UC Regents Chair Monica Lorzano, left, and UC President Janet Napolitano await their turn to respond to State Auditor Elaine Howle's report on the system administration during a legislative hearing Tuesday. (Rich Pedroncelli / Associated Press)

We can identify many of the threats to public higher education in the United States: political attacks on faculty by conservative politicians, systematic budget cuts, selling out academic programs to big-money donors.

Who would have thought that a major threat would come from a university's own president?

Republicans blast Bump for mixing politics and audits

By Christian M. Wade Statehouse Reporter Sep 11, 2018



BOSTON — State Auditor Suzanne Bump is coming under fire over an audit claiming the state issued driver's licenses and disability parking placards to dead people, with Republican Gov. Charlie Baker's supporters blasting it as an attempt to derail his reelection.

Will Rob Sand, Iowa's new state auditor, be the taxpayers' watchdog or a Democratic attack dog?

Barbara Rodriguez, Des Moines Register Published 3:43 p.m. CT Dec. 3, 2018 | Updated 9:15 a.m. CT Dec. 4, 2018



Rob Sand speaks after he defeated incumbent Mary Mosiman in Iowa's State Auditor election. Brian Powers, bpowers@dmreg.com

City of Lawrence auditor resigns amid budget discussion, hopes city keeps position

NEWS

JUL 17, 2017 - 10:33AM

ROCHELLE VALVERDE



Lawrence City Hall, 6 E. Sixth St., Thursday, July 7, 2016

Share your feedback to help improve our site experience!

NEWSLETTERS

Get the **Breaking News Alert** newsletter delivered to your inbox

Alerts on breaking news delivered straight to your inbox.

Delivery: Varies

Your Email

Sign Up

The City of Lawrence auditor has resigned his position amid debate on whether the position should be cut from the city's budget.

The great expectations gap

What is an audit for?

Lawmakers, auditors, investors and courts all have different expectations



Print edition | Finance and economics >
May 26th 2018

AUDITS get noticed only when things go wrong. I issued a scathing attack on KPMG, an auditor, following the collapse of Carillion, a contracting company. So I'm now looking into Deloitte's audit of Steinhoff, a retail company. It could face a court-damages verdict for hundreds of millions if not spotting fraud at Colonial Bank, a failed American bank. It's also fighting a \$3bn lawsuit in Ukraine and a two-year

Politics

Auditor general to public service: stop ignoring my reports

'It's almost as if the departments are trying to make our recommendations and our reports go away,' AG says

Elise von Scheel · CBC News · Posted: Jun 01, 2018 3:37 PM ET | Last Updated: June 1, 2018



el Ferguson. "We need to have better responses to our recommendations." (Sean Press)

NOTES FROM THE HOUSE

Mounting violent attacks on state auditors 'a crime against the state'

By Moira Levy · 29 November 2018



PRETORIA, SOUTH AFRICA – NOVEMBER 29: Auditor-General Kimi Makueta during an interview on November 29, 2014 in Pretoria, So...

322 Reactions



Moira Levy

Follow Save More

The Auditor-General of South Africa warned Parliament to expect an upsurge in violent crimes against members of the AG team as they traverse the country finalising local government audits.

DISPLAY ADVERTS ON OFF

Types of Threats

"No funds, no audits."

Reputational

"These auditors are political hacks."

Budgetary

"The auditor does not have the authority to audit."

Legal

"Oh, you meant those records."

Stonewalling

"Your work is inaccurate."

Increased Audit Risk

"My director is a political hack."

Audit Staff Perceptions

Employment Status

"Off with your head!"

Internal Audit Role V. External Audit Role Risks



Navigating the Risks

- Like it or Not – Auditors Are Engaged In the Political Arena
- Proactive Strategic Engagement
- Auditor Competency – #1 Core Requirement Always
- Collaboration and Communication – Relationships
- Audit Education – Selling Audit Every Opportunity
- Community Engagement – People Still Trust Auditors



Stakeholder Strategies

- Adopt Explicit Stakeholder Communications Strategies
- Key Audit Stakeholder Groups
 - Elected Officials
 - Agency Directors and Managers
 - Media
 - Public
 - Professional Audit Community
- Understanding and Balancing Expectations
 - Truism - Everyone Disappointed by a Well Executed Audit
- Establishing Diverse Support Networks



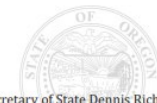
Selling Audit Value

- Audit Transparency – Public Audit Plans
- Inclusive Risk Assessment Processes
- Audit Process Communications and Updates
- Citizen Centric Audit Reporting
- Diverse and Value Add Focused Portfolios
- Real-Time Audits, Data Analytics
- Measuring Impact – Robust Follow-up



Oregon Secretary of State
Audits Division

2019-20 Audit Plan



Secretary of State Dennis Richardson
Leslie Cummings, PhD, Deputy Secretary of State
Kip R. Memmott, MA, CGAP, CRMA, Audits Director

This is the End...

- ... of my presentation
- Lean Forward and Be Proud
- Public Service – You Make a Difference
- Impacts from SOS Social Service Work
 - Audit Impacts
 - Community Impacts
 - CASA and Children's Center Events
- Thank You!

