Measuring Success at the Office of the State Auditor

Derek M. Johnson

Performance Audit Team Lead

Colorado Office of the State Auditor

OSA

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What You Might Expect

Quantifiable Measurements

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ANNUAL REPORT

FISCAL YEAR 2016

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Quantifiable Measurements

- Number of Products (how many widgets?)
  - Financial Audits
  - IT Audits
  - Performance Audits
  - Other reports (e.g. School Fiscal Health, PERA studies, etc.)
- Financial Benefits
  - Cost savings ($69.5 million in FY 2016)
  - Benefits to costs (6.6:1 average over past 5 years

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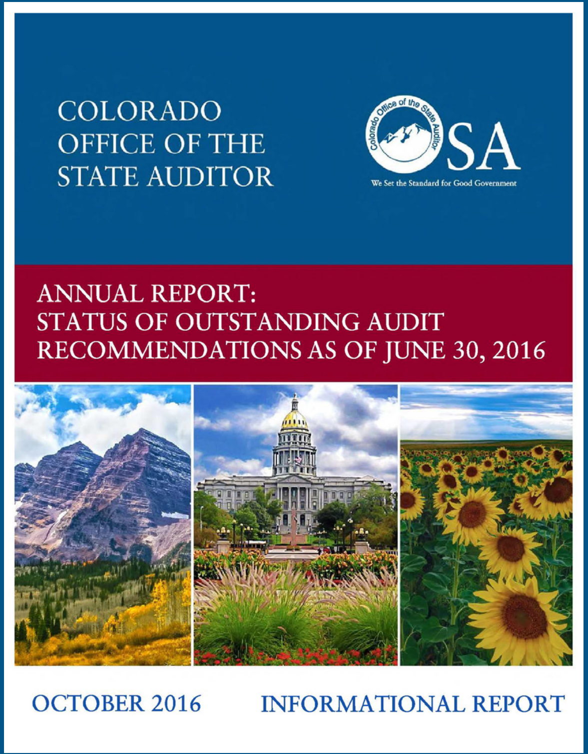
Quantifiable Measurements

- Recommendations Implemented Report
  - 96% of recommendations from that past 5 years have been implemented



COLORADO OFFICE OF THE STATE AUDITOR

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ANNUAL REPORT:
STATUS OF OUTSTANDING AUDIT RECOMMENDATIONS AS OF JUNE 30, 2016

OCTOBER 2016

INFORMATIONAL REPORT

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Quantifiable Measurements

- Awards
  - Impact Award—FASTER
  - Audit Methodology—Local Sales Tax Audit
- Statutory Change
  - 2016 Session: 5 bills based on previous audits
  - 2017 Session: 7 bills based on previous audits

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Demand as a Measure of Success

Success is realized when your customers value what you produce, reward you for it, and demand more of it.

~Derek M. Johnson

Demand as a Measure of Success

- Audit Requests
  - Legislative (Public)
    - Includes Follow-up Audits
      - DYC
      - Health Exchange
  - Agencies
    - Vocational Rehabilitation
    - Conservation Easements

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Demand as a Measure of Success

- Statutory and Rule Change
  - Audit Requirements
    - CDOT
    - Medicaid Correspondence
    - Historical Funds
  - Fraud Hotline
  - Conflicts of Interest

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Demand as a Measure of Success

- Expanding the Office of the State Auditor
  - Tax Expenditure Team
  - Additional Staff

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Evaluating Audit Performance

Dawn Wiseman, CRMA, Audit Manager

City and County of Denver

Auditor's Office

Mountain & Plains Intergovernmental Audit Forum

August 31, 2017

Message

- **High-Level Overview of Evaluating Audit Performance**
- **Denver's Mission**
- **Denver's Approach to Evaluating Audit Performance**

Evaluating Audit Performance

Various Options for Measurement

- Quality
- Environment
- Efficiency
- Outcomes
- Impact

Quality

- Customer Satisfaction Survey
- Staff Skills and Experience
- Meeting Standards
- Quality Assurance
- Successful Peer Review

Environment

- Audit Requests
- Meetings with Management

Efficiency

- Audit Duration
- Budget vs Actual

Outcomes

- Audits Completed
- Percent of Audit Plan Completion
- Number of Recommendations Made
- Recommendations Implemented

Impact

- Appropriate Risk Identification
- Financial
- Program Improvement
- Citizen Impact

Our Mission Statement

"To deliver independent, transparent, and professional oversight in order to safeguard and improve the public's investment in the City of Denver. Our work is performed on behalf of everyone who cares about the City, including its residents, workers, and decision makers".

Denver's Mission-Level Metrics

City and County of Denver 2017 Budget Book

- **Audit Recommendation Agreement Rate**
  - Quality
  - Feasibility
- **External Quality Assurance Review**
  - Compliance with standards
  - Policy and Procedures

Additional Metrics

Audit Services Division

- Number of Audits Completed
- Recommendation Implementation Rate
- Customer Service Survey Response
- Quality Assessment Reviews
- Staff Skills, Advance Degrees, and Certifications

Contact Information

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Thank you!

Office of the City Auditor

Contact information:
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The mission of the Office of the City Auditor is to provide Council an independent, objective and comprehensive auditing program for operations of the City; to evaluate the adequacy of financial controls, records and operations and the effectiveness and efficiency of organizational operations; and provide the Council, management and employees objective analyses, appraisals and recommendations for improving systems and activities.

Anonymously report fraud, waste, or abuse of City, Utilities, or Airport resources

2014 Quality Assurance Report

2015 Accomplishments Report

2016 Accomplishments Report

Access Public Audit Reports

City Auditor ⇓
- Audit Plans
- Audit Universe
- Auditing as a value-added service
- City Auditor Bio
- Public Audit Reports
- Reporting Fraud

City Budget
Finance

Departments

Contact a Department:

Calendar

Audit Authority and Commission per City Code:

- Maintain Independence
- Ensure Public Accountability
- Perform Post-Audit
- Determine Effectiveness and Efficiency of Programs
- Examine Books, Records
- Cooperate with City Admin and City Council
- Monitor Financial Reports
- Make Periodic Reports to Council
- Administer Oaths
- Seek Equitable Relief

How do we apply City Code directives?

To enhance and protect organizational value!

….we want to help City Council and City leadership accomplish their goals and objectives; be the best you can be!

Audit Universe

Entity	2017 Budget (in thousands)	Employees in Full Time Equivalents (FTE)
General Fund	$272,625	1797.25
Special Revenue Funds	$124,069	301.5
Enterprises		
Colorado Springs Airport	$34,627	91
Colorado Springs Utilities	$1,025,145	1824[3]
Memorial Health System Ent.[1]	$5,664	0.0
Other Enterprise Funds	$16,595	155.5
Permanent Funds	$327	0.0
Grant Funds	$42,040	61.5
Internal Service Funds[2]	--	30.75

Auditing Standards:

International Professional Practices Framework (IPPF) or Redbook

Consider goals in developing metrics:

- Delivering value from your customer’s perspective
- Eliminating waste
- Continuously improving your processes

Audit Performance Metrics:

- Traditional approach is # of audits issued, completing the audit plan, number of findings.
- Is there a better way to measure added value?
- One executive said value is evidenced by how reports are used and how often stakeholders come to us with requests or engage us.

Office of City Auditor Metrics tied to organizational strategic goals and objectives

- Measure project management improvements internal to OCA
- Relationship building and awareness of audit services goal; measure efforts/actions and requested audits or similar results to engage our services