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Governance, Wicked Issues, and the Evolving Role of Performance Auditing

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The Global Public Management Revolution

- The growing complexity of the types of problems and demands that government confronts, along with the expanding range of approaches being used to respond to those issues, are among the central drivers of a global public sector management revolution.
- Citizen demands are forcing governments to be more transparent and customer focused. The global financial crisis also has put a premium on government efficiency and cost cutting.
- In a global economy, capital and production will move to those nations with effective governance, transparent regulatory regimes, and the rule of law.
- New ways of thinking, new management approaches, and new personnel capabilities are essential to better serve our citizens in the 21st century.
- The bottom line: audit organizations have central roles in identifying, fostering, and assessing the needed new developments.

Europe's plan for 2025

- The European Parliament 2025: Preparing for Complexity

- Four major trends
  - A multi-polar world
  - Multi-level governance
  - Multi-actor
  - Multi-tech

What Does 21st Century Governance Look Like?

- The types of issues that government confronts are growing more complex and boundary-less (wicked issues).
- The approaches (policy tools) that government uses to address these issues are wide ranging and increasingly indirect (hollow or third-party government).
- Citizen confidence in the federal government is at historic lows and citizens are rightly demanding increased transparency and opportunities for active engagement.
- All of this must take place in an environment where agencies are stressed to develop and maintain the basic capacities they need (austerity budgets, the “thinning of the hollow state”).

Governance and GAO's High-Risk List

- Areas most in need of reform or most vulnerable to fraud, waste, abuse, and mismanagement
- 30 areas currently on GAO's High-Risk list
- Helps focus attention of both agencies and the Congress on important issues
- Began in the 1990s. Issued with each new Congress (i.e., every 2 years).

Most High-Risk Areas Involve Working Across Boundaries

- Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks—federal agencies, state and local governments, civil society organizations, private sector, other nations
- Mitigating Gaps in Weather Satellite Data—NOAA, NASA, DOD, other nations, contractors
- Food Safety – 15 federal agencies involved
- Protecting Critical Technologies – DOD, DHS, Commerce, State Department
- Transportation Funding– DOT, state and local governments
- Terrorism-Related Information Sharing – Several federal agencies, state and local governments

Food Safety

- Food safety is a major public health issue. According to the CDC, each year:
  - about 48 million people become sick;
  - 128,000 are hospitalized;
  - and 3,000 die from foodborne disease.
- Recent examples: Listeria and cantaloupes. A 2010 nationwide recall of more than 500 million eggs due to *Salmonella* contamination.
- A complex governance structure is responsible for food safety. While the Food and Drug Administration (FDA) and U.S. Department of Agriculture's (USDA) Food Safety and Inspection Service (FSIS) have the primary oversight responsibilities, a total of 15 agencies collectively administer at least 30 food-related laws
- This complexity is exacerbated by globalization: 80% of fresh seafood and over 60% of fresh fruits and vegetables are imported.

Food safety, cont'd

Several agencies have different roles and responsibilities throughout the egg production system. For example,

- FDA is generally responsible for ensuring that eggs in their shells—referred to as shell eggs—including eggs at farms such as those where the *Salmonella* outbreak occurred, are safe, wholesome, and properly labeled.
- FSIS, is responsible for the safety of eggs processed into egg products. In addition,
- USDA's Agricultural Marketing Service (AMS) sets quality and grade standards for shell eggs, such as Grade A, but does not test the eggs for bacteria such as *Salmonella*.
- Further, USDA's Animal and Plant Health Inspection Service manages the program that helps ensure laying hens are free from *Salmonella* at birth,
- However, FDA oversees the safety of the feed the hens eat.

Mandate for GAO Duplication Reviews

- Enacted in 2010
  - Identify overlap and duplication
  - Identify opportunities for cost saving and revenue enhancement
- Reports issue in 2011, 2012: identified 132 areas
- 2013 report to be issued in April
  - Will also follow up on areas identified in 2011 and 2012 reports

What These 21st Century Governance Challenges Mean For Public Servants

- Public servants must increasingly look across individual programs to clusters of related programs contributing to a common result, often involving different agencies, levels of government, and sectors.
- Public servants do not cause results but merely contribute to them, along with many other actors.
- The growth in the use of indirect tools further complicates program delivery as well as the meaning of government performance and accountability.
- Thus, to fundamentally improve the performance of 21st century government, we need to be more focused on assessing and improving connections across organizations and tools.
- **Since this is the fundamental government performance imperative, so too must it be the fundamental performance audit imperative.**

Government Auditing Standards

- 2.10 Performance audits are defined as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. The term “program” is used in GAGAS to include government entities, organizations, programs, activities, and functions.

- 2.11 a. Program effectiveness and results audit objectives are frequently interrelated with economy and efficiency objectives. Audit objectives that focus on program effectiveness and results typically measure the extent to which a program is achieving its goals and objectives. Audit objectives that focus on economy and efficiency address the costs and resources used to achieve program results.

GOVERNMENT AUDITING STANDARDS, AUGUST 2011 (GAO-12-331G)

International Standards of Supreme Audit Institutions (ISSAI)

- Public accountability means that those in charge of a government program or ministry are held responsible for the efficient and effective running of such. Accountability presupposes public insight into the activities of the program or ministry. Performance auditing is a way for taxpayers, financiers, legislatures, executives, ordinary citizens and the media to 'execute control' and to obtain insight into the running and outcome of different government activities. Performance auditing also provides answers to questions such as: Do we get value for money or is it possible to spend the money better or more wisely? A criterion of good governance is that all public services (or all government programs) are subjected to auditing.
- **Performance auditing** is an independent examination of the efficiency and effectiveness of government undertakings, programs or organizations, with due regard to economy, and the aim of leading to improvements.

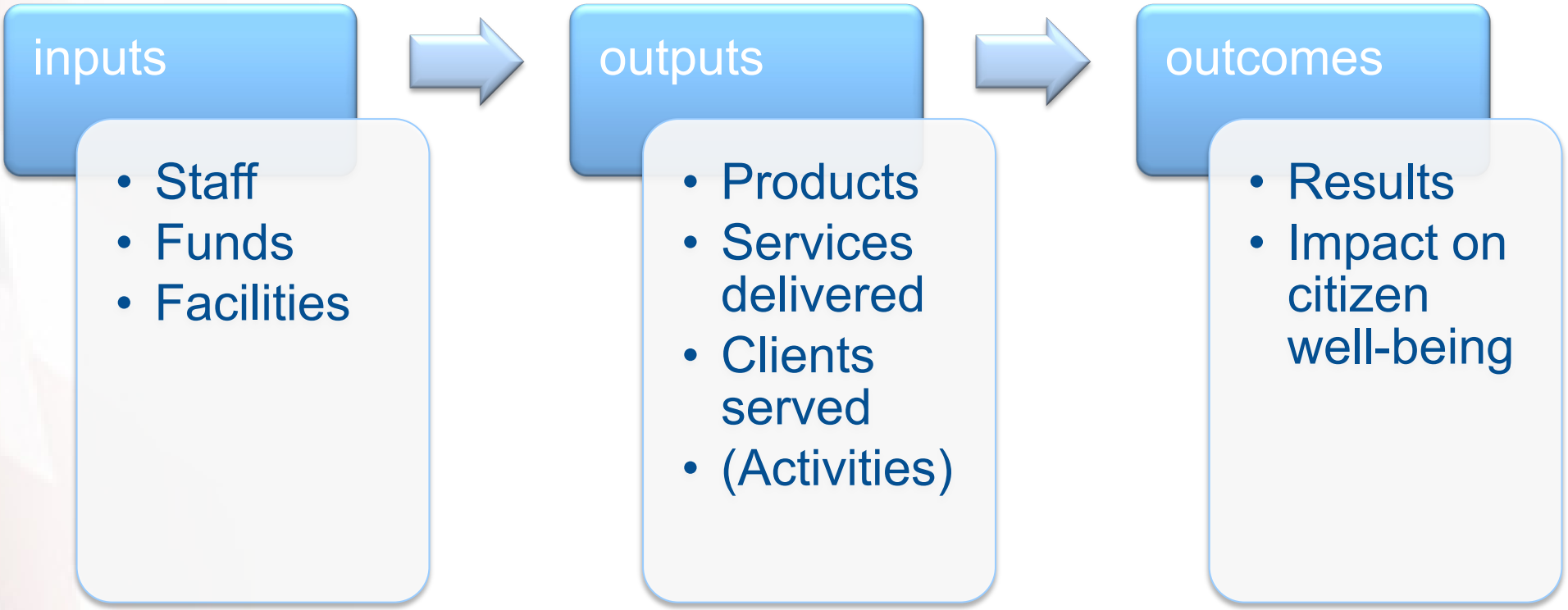
The implications for the role of audit as a constructive and independent force for addressing governance challenges

- Reviewing government's results-orientation
- Evaluating collaborative mechanisms
- Assessing government's capacity
- Responding internally

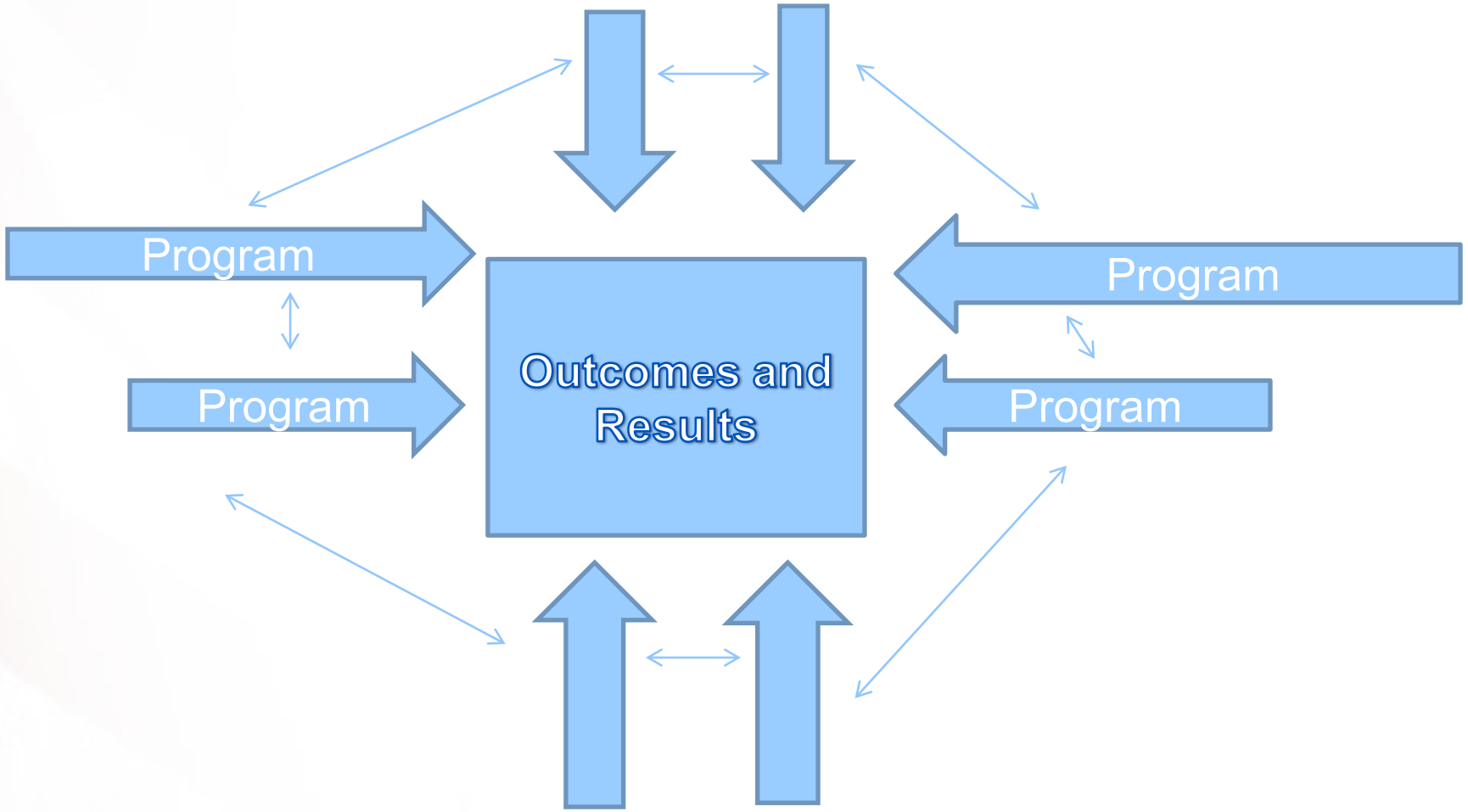
Reviewing Government's Results-Orientation

- Do agencies have an appropriate crosscutting (also often called "whole of government" or enterprise) perspective to their intended results?
- In that regard, are performance goals focused on meaningful outcomes (results) rather than outputs or activities?
- Are the public policy tools that are being used to achieve results effective and mutually reinforcing?
- How are performance data being used to drive decisions?
- Looking across related portfolios of programs and initiatives, what opportunities exist to better achieve results?
- What efforts are being undertaken to identify and address program overlap, duplication, and fragmentation?

Using Results Mapping
(A typical “logic model”)



Using Results Mapping (A Results Map)



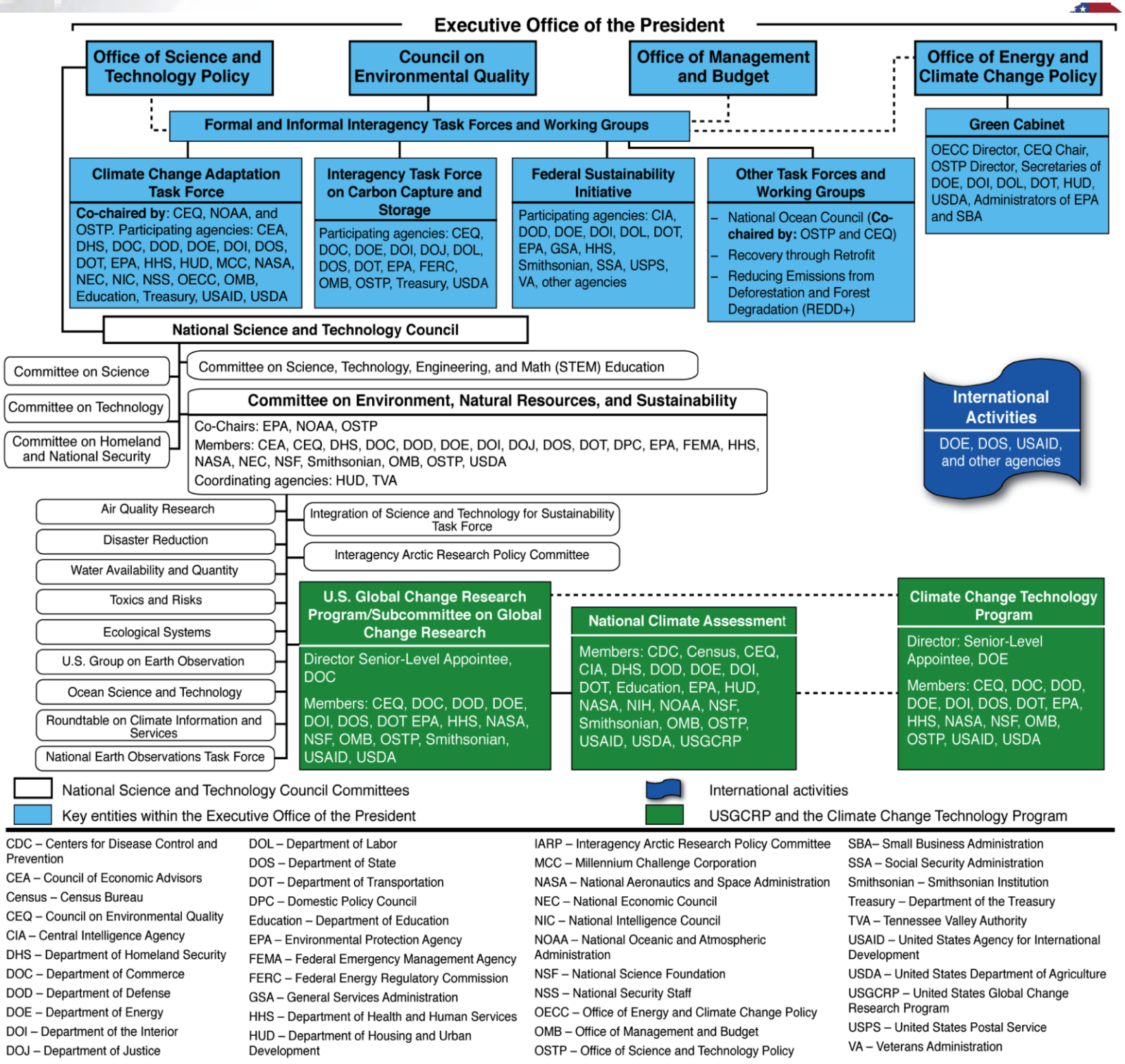
Evaluating Collaborative Mechanisms

- Are agencies effectively coordinating their efforts across levels of government and with other sectors?
- What can be done using web and social media technologies to improve government transparency and public reporting both as an anti-corruption device and to foster opportunities for greater public participation and civic engagement?
- How do we ensure accountability for the proper use of funds in an environment where so much government effort is undertaken through third parties?

Collaborative Mechanisms

- Presidential Assistants and Advisors
- Collaboration Structures within the Executive Office of the President
- National Strategies and Initiatives.
- Interagency Groups
- Designation of Leadership
- Geographic-Based Offices/Co-location
- Positions and Details
- Specially Created Interagency Offices
- Interagency Agreements and Memoranda of Understanding
- Joint Program Efforts
- Conferences and Communities of Practice
- Collaboration Technologies

Selected Collaborative Mechanisms for Federal Climate Change Activities, as of May 2011



CDC – Centers for Disease Control and Prevention
CEA – Council of Economic Advisors
Census – Census Bureau
CEQ – Council on Environmental Quality
CIA – Central Intelligence Agency
DHS – Department of Homeland Security
DOC – Department of Commerce
DOD – Department of Defense
DOE – Department of Energy
DOI – Department of the Interior
DOJ – Department of Justice
DOL – Department of Labor
DOS – Department of State
DOT – Department of Transportation
DPC – Domestic Policy Council
Education – Department of Education
EPA – Environmental Protection Agency
FEMA – Federal Emergency Management Agency
FERC – Federal Energy Regulatory Commission
GSA – General Services Administration
HHS – Department of Health and Human Services
HUD – Department of Housing and Urban Development
IARP – Interagency Arctic Research Policy Committee
MCC – Millennium Challenge Corporation
NASA – National Aeronautics and Space Administration
NEC – National Economic Council
NIC – National Intelligence Council
NOAA – National Oceanic and Atmospheric Administration
NSF – National Science Foundation
NSS – National Security Staff
OECC – Office of Energy and Climate Change Policy
OMB – Office of Management and Budget
OSTP – Office of Science and Technology Policy
SBA– Small Business Administration
SSA – Social Security Administration
Smithsonian – Smithsonian Institution
Treasury – Department of the Treasury
TVA – Tennessee Valley Authority
USAID – United States Agency for International Development
USDA – United States Department of Agriculture
USGCRP – United States Global Change Research Program
USPS – United States Postal Service
VA – Veterans Administration

Source: GAO analysis of Climate Change Science Program Strategic Plan, Climate Change Technology Program Strategic Plan, NSTC organizational chart and CEQ initiatives.

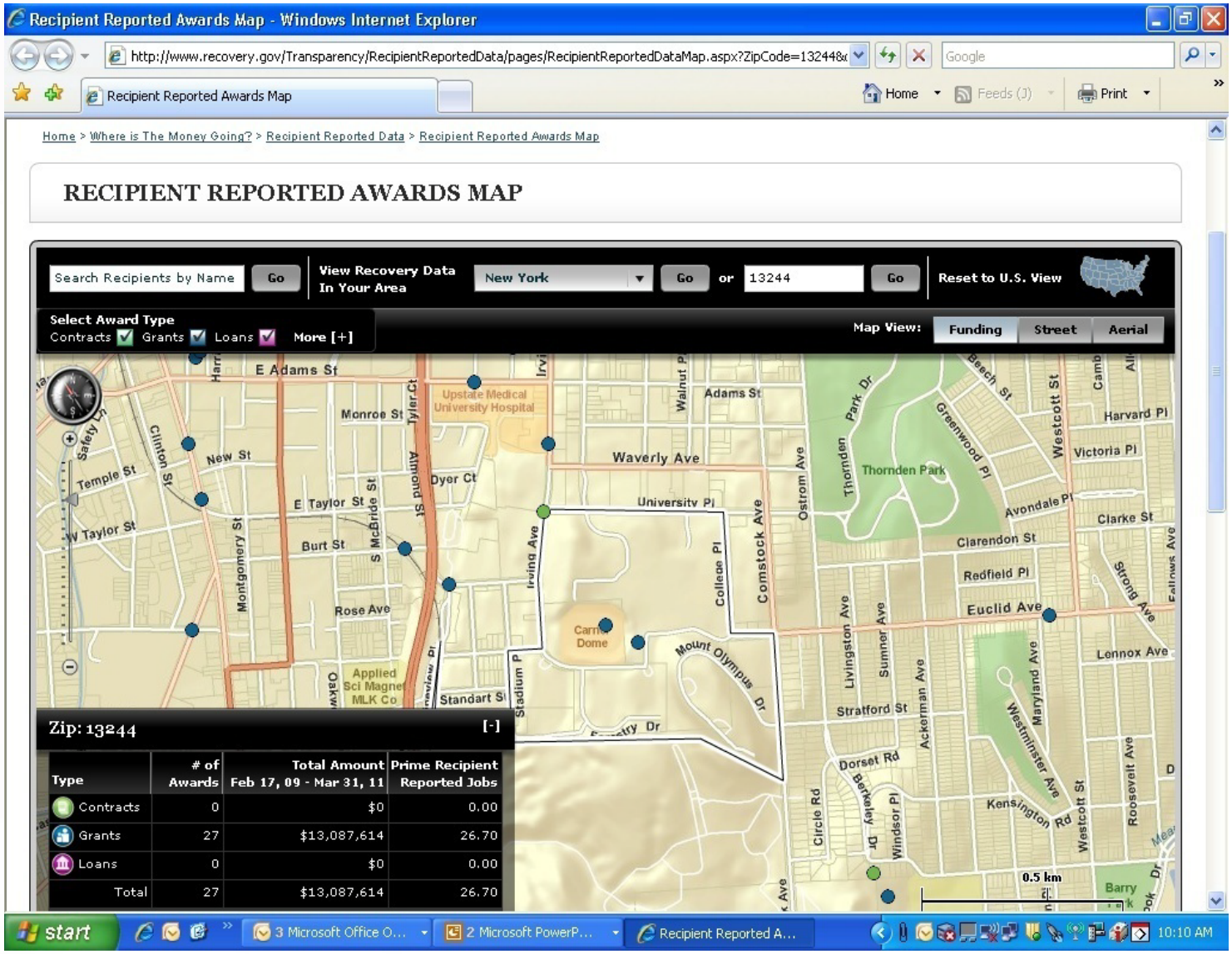
Food Safety

- The January 2011—FDA Food Safety Modernization Act—strengthens a major part of the food safety system. It shifts FDA's focus from responding to contamination to preventing it and expands FDA's oversight authority. The law also requires interagency collaboration on food safety oversight in areas such as inspections, seafood safety, and food imports
- In March 2009, the President established the Food Safety Working Group (FSWG), co-chaired by the Secretaries of Agriculture and HHS, to coordinate federal efforts and develop goals to make food safer.
  - It also includes officials from FDA, FSIS, CDC, the EPA, and the Departments of Homeland Security, Commerce, and State, OMB, and others.
  - Through the FSWG, federal agencies have taken steps designed to increase collaboration in some areas that cross regulatory jurisdictions, e.g., improving produce safety, reducing *Salmonella* contamination, and developing food safety performance measures.
  - However, the FSWG has not developed a government wide performance plan that provides a comprehensive picture of the federal government's food safety efforts.

Key Issues When Implementing Collaborative Mechanisms

- Outcomes and Accountability
- Bridging Organizational Cultures
- Leadership
- Clarity of Roles and Responsibilities
- Participants
- Resources
- Written Guidance and Agreements

WWW.RECOVERY.GOV



Assessing Government's Capacity

- How are agencies ensuring that they have the personnel skills, performance and financial information, technological capacity, and other core management capabilities that they need to respond to the challenges of governance?
- How well are agencies fixing known high risk problems?
- Do government agencies have robust risk management programs in place that systematically integrate the identification and management of risk into strategic and program planning?
- How could agencies better streamline their internal procedures to be more efficient?
- Overall, is the government an effective partner in the more complex third party government arrangements, such a public-private partnerships (PPP or P3)?

Responding Internally

- Just as agencies need to change the way they do business in response to governance challenges, so too do audit agencies by:
  - Focusing our audit work on results and the relationships between products and services and outcomes
  - Ensuring we have the internal capacity to review and assess complex governance structures
  - Engaging in collaboration among audit organization in terms of good practice, substantive policy and program areas, and at times, and on individual engagements.

Thank you!

www.gao.gov

- High Risk Series: An Update (February 2013, GAO-13-283)
- Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms (Sept. 27, 2012, GAO-12-1022)
- Managing for Results: A Guide for Using the GPRA Modernization Act to Help Inform Congressional Decisionmaking (June 15, 2012, GAO-12-621SP)
- Managing for Results: GAO's Work Related to the Interim Crosscutting Priority Goals Under the GPRA Modernization Act (May 31, 2012, GAO-12-620R)
- Streamlining Government: Questions to Consider When Evaluating Proposals to Consolidate Physical Infrastructure and Management Functions (May 23, 2012, GAO-12-542)
- Climate Change: Improvements Needed to Clarify National Priorities and Better Align Them with Funding Decisions (May 20, 2011, GAO-11-317)
- Streamlining Government: Opportunities Exist to Strengthen OMB's Approach to Improving Efficiency (May 2010, GAO-10-394)

www.gao.gov (continued)

- A Call for Stewardship: Enhancing the Federal Government's Ability to Address Key Fiscal and Other 21st Century Challenges (GAO-08-93SP)
- Organizational Transformation: Implementing Chief Operating Officer/Chief Management Officer Positions in Federal Agencies (GAO-08-34)
- Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration Among Federal Agencies (GAO-06-15)
- Human Capital: Symposium on Designing and Managing Market-Based and More Performance-Oriented Pay Systems (GAO-05-832SP)
- 21st Century Challenges: Reexamining the Base of the Federal Government (GAO-05-325SP)
- Human Capital: Principles, Criteria, and Processes for Governmentwide Human Capital Reform (GAO-05-69SP)

www.gao.gov (continued)

- High-Performing Organizations: Metrics, Means, and Mechanisms for Achieving High Performance in the 21st Century Public Management Environment (GAO-04-343SP)
- Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success (GAO-03-488)

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