

# **National Intergovernmental Audit Forum**

## **Strategic Plan**

**2014-2020 (Draft)**

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## **Trends for the Plan**

The seven trends highlighted below describe the key external forces that will shape many of the efforts of the National Intergovernmental Audit Forum (National Forum) during the years covered by this Strategic Plan. Addressing such daunting fiscal and policy challenges requires that the government accountability community provide independent, unbiased, accurate, and timely analysis of key issues at hand and, where feasible, develop recommendations to improve government operations and promote positive change. The National Forum can play a key role in facilitating the dialogue, collaboration, and partnerships necessary to address these challenges.

### **Fiscal Sustainability**

Federal, state, and local governments face long-term fiscal challenges, including structural budget imbalances, rising health care costs, pressures on retirement and health care programs, and deferred maintenance of infrastructure. The Great Recession of 2007-2010 reduced real tax revenues at all levels of government and investment losses reduced assets available to fund retirement systems. Governments face near-term fiscal challenges as contractionary federal fiscal pressure, depressed housing prices, and continued high unemployment contribute to an overall sluggish recovery with large differences in rates of recovery among states and localities. Increasing income inequality and disagreements about the appropriate role of government and how to fund long-term needs exacerbate the problems. Members of the accountability community can bring analytical skills and expertise to help decision makers understand fiscal issues that extend beyond one-year budgets and balance sheets. The National Forum can help audit organizations by providing opportunities to share best practices, to benchmark financial condition, and by recognizing the disparate effects of these challenges across jurisdictions and levels of government.

### **Security**

The United States (U.S.) faces a complex and ever changing domestic and international security environment. Threats are evolving, presenting both challenges and opportunities for government at all levels to balance and integrate military, diplomatic, and intelligence responses as well as domestic law enforcement. Efforts by foreign states to develop or acquire dangerous weapons and delivery systems represent a significant threat to the U.S. and its allies. Terrorist groups and others are increasingly targeting the U.S. information technology infrastructure for attack, including telecommunications networks and computer systems. These networks are relied upon for communications, travel, electric power, financial systems, and providing government services. Threats include cyber terrorism, the infiltration of counterfeit goods into the information technology supply chain, and the proliferation of chemical, biological, and nuclear weapons, among others. Addressing such security concerns requires a coordinated and cost-effective intergovernmental strategy to combat threats during a persistent climate of budgetary constraint.

The challenge for the audit community is to leverage scarce resources while promoting effective analysis and oversight of such efforts. Through a sustained intergovernmental dialogue, the National Forum can foster improved oversight by all audit agencies on this difficult issue.

## **Governance and Interdependence**

Delivery of government programs and services, as well as security concerns, continue to cut increasingly across traditional boundaries. Many programs, for example, may receive substantial federal funding, but state and local governments have considerable authority for implementing and operating them. Similarly, state and local governments bent on addressing specific problems and responsibilities, like transportation mobility, public health, and environmental concerns, must often work across a complex network of geographic and jurisdictional boundaries. At the same time, each level of government is facing serious fiscal and management challenges that are increasingly intertwined and raise concern about the basic capacity of government to deliver missions, programs, and services in accordance with citizen expectations. Growing interdependence and fiscal constraints not only require close coordination across federal, state, and local governments, but also underscore the need for the government accountability community to provide greater oversight of government performance and to conduct operations in ways that promote better coordination and transparency among members who are auditing the same programs at different levels. Government audit organizations can use the National Forum to build networks and partnerships to help lessen the impact of shrinking budgets and increasingly scarce resources, and to facilitate the sharing of auditing techniques, policies, and practices, as well as their staff's knowledge and talents, to help foster more efficient and effective audits.

## **Effective Accountability**

Accountability over the use of public resources and government authority is essential to the effective and efficient functioning of government. The government audit community plays an essential role in providing this accountability to legislators, oversight bodies, those charged with governance, and the public through its independent and objective audits of government performance. Expanded audit expectations, and the availability of technological advances such as data mining capabilities, result in auditors applying a wider range of audit skills and methods enabling more accurate and meaningful audit results related to financial reporting, compliance, and efficiency and effectiveness of government programs. These improvements in audit techniques and capabilities also enable the application of indicators of economic and community well-being to assess quality of life issues such as health, safety, and adequacy of service to the public. In addition, as accounting and auditing standards evolve, the National Forum can be an effective mechanism for raising concerns about potential conflicts among standards and promote better understanding among government auditors, to facilitate their ability to rely on each other's work. The National Forum, through coordination among audit organizations, can monitor emerging issues that influence effective accountability, identify effective mechanisms to address

expanded auditor roles, and serve as a network for addressing these and other emerging issues facing the government sector.

## **Technology**

Technology affects not only how people work and learn, but also what they expect from government. Understanding and managing the implications of this rapidly changing landscape will be crucial for all levels of government in the coming years as governments work to adapt to interconnected global financial systems, increased public access to government data, cloud computing, and ever expanding computer networks and virtualization, among other technology challenges. Cyber security, in particular, is more important now than ever before since many critical services function in a virtual or networked environment. Protecting sensitive data and personally identifiable information is important and appropriate controls need to be in place. Government faces significant challenges to both maintain outdated technology and keep current with technological advances given budget constraints. For the U.S. to remain competitive in the global marketplace, managing technological change in a number of interrelated fields such as science, technology, engineering, and mathematics (STEM) requires cost-effective investment in research and development, higher education, and public-private partnerships. All of these information technology issues will continue to be of concern. Through continuous coordination and communication, the National Forum can help to see that these complicated issues continue to receive adequate oversight by the auditing community.

## **Environment and Energy**

Responsible stewardship of our natural resources and the environment encompasses some of the nation's most challenging issues. Balancing the demands of often-competing objectives—economic growth for today versus protection of our natural resources and the environment for the future—will entail difficult decisions affecting fundamental human needs, such as air, food, and water. Energy is a key force in our modern economy but raises difficult questions about how to sustain economic growth when the engines of that growth—factories, automobiles, fertilizers, and electricity-generating plants—can adversely affect air, food, and water quality. Energy demand has nearly tripled in the past 50 years and is projected to continue to grow, resulting in a more precarious market balance. In addition, advances in horizontal drilling techniques combined with hydraulic fracturing have increased the domestic development of oil and natural gas. The increase in development, overreliance on oil, and the impacts of energy use raise concern about the potential effects on the environment and public health, including changes to the global climate system, and have driven interest in reducing demand, promoting energy-efficiency, and shifting supplies toward renewable energy sources. The National Forum can promote a sustained intergovernmental dialogue on these important issues to improve oversight by audit agencies at all levels of government.

## **Human Capital**

Human Capital plays a key role in all aspects of government and in addressing major challenges facing the U.S. both within the government and government audit community. Strategic planning is needed throughout all aspects of government, given the many challenges including the aging of the government workforce and growing competition for bright, new entrants. In addition, current budget and long-term fiscal pressures, coupled with a potential wave of employee retirements that could produce gaps in leadership and institutional knowledge, threaten the government's capacity to effectively address these and many other evolving national issues. The accountability community can serve to facilitate timely information to address this issue by analyzing and articulating human capital resource challenges including recruiting, hiring, training, and retaining talented staff within government and the government audit community. The National Forum network can assist in efforts to ensure core competencies, advancement in all types of audits including performance auditing, and an exchange of solutions relative to Human Capital resource management.

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## **Goals, Objectives, Strategies, and Performance Measures**

This section of the Strategic Plan describes the major goals and objectives of the National Intergovernmental Audit Forum (National Forum) over the next 6 years— what the National Forum hopes to accomplish that will fulfill its mission to improve government performance and accountability. The three goals—and underlying them, the specific objectives and strategies— provide a way to translate aspirations into specific steps that can be taken.

### **Strategic Goal 1**

**Foster networking, dialogue, and coordination on current and emerging issues of common interest within the accountability community.**

The National Forum can help foresee the key issues that need to be addressed by the accountability community and serve as an effective forum and resource for audit organizations in providing access to members' expertise. The National Forum can also promote the exchange of ideas on common government issues that arise and require response in our very fluid, complex, and changing environment. By identifying issues as they emerge, forum members can help bring to policymakers' attention areas that need to be addressed before problems occur. Members can also suggest actions that can be taken to minimize or avert unwanted consequences.

#### **Objective 1.1**

**Create opportunities to identify and communicate current and emerging issues affecting government.**

The National Forum will bring members together more often and in a way that more directly supports each organization's own planning efforts. Through greater opportunities for discussion, members can also discern areas of common concern and learn from each other.

#### **Strategies**

- 1.1.1 Establish National Forum work groups to focus on key current and emerging issues and trends and identify opportunities for action by the National Forum.
- 1.1.2 Periodically host forums of experts to discuss current and emerging issues and, if possible, identify options for resolving the issues and publish meeting summaries.

- 1.1.3 Expand the potential reach of these discussions by developing and/or using technologies that allow conversations among a geographically dispersed audience.
- 1.1.4 Partner with the regional audit forums to identify and communicate current and emerging issues.
- 1.1.5 Outreach with other groups such as the National Association of State Auditors, Controllers and Treasurers (NASACT); Association of Local Government Auditors (ALGA); National State Auditors Association (NSAA); GAO's Domestic Working Group (DWG); and the Council of Inspectors General on Integrity and Efficiency (CIGIE) to identify and communicate current and emerging issues.
- 1.1.6 Identify emerging issues by monitoring key national trends and initiatives and communicate trends and initiatives identified.

## **Objective 1.2**

### **Maximize opportunities for coordination among members to address common issues.**

Members of the National Forum face many common issues, both in what members audit and in how the members' audit organizations are affected. At the same time, because members come from various levels of government, members bring differing perspectives to these issues that can enlarge each other's understanding. Forum members would benefit from a systematic mechanism to identify opportunities for members to coordinate on common issues. The National Forum is uniquely positioned to act as a catalyst to facilitate coordination among members from all levels of government.

### **Strategies**

- 1.2.1 Establish a system to facilitate coordination and sharing of key audit contacts and information.
- 1.2.2 Use the National Forum as a way to identify opportunities for cooperation, coordination, and collaboration among members on critical challenges and future plans.



1.2.3 Establish a mechanism to facilitate the sharing of members' strategic and tactical information.

1.2.4 Identify relevant sources of audit planning information and share with members.

### **Performance Measures**

- Satisfaction level of National Forum members related to the Forum's communication of current and emerging issues (Objective 1.1).
- Extent to which members indicate the National Forum has provided them increased ability to contact colleagues at other levels of government (Objective 1.1).
- Extent to which participation in the National Forum is representative of government auditors from all sectors and levels of government (Objective 1.1).
- Extent to which National Forum agendas reflect the interests of Forum members (Objective 1.1).
- Extent to which people and audit organizations that could be participating in the National Forum, actually are participating (percentage) (Objective 1.1).
- Identify instances where coordination efforts under National Forum auspices have resulted in improved government audits and operations (Objective 1.2).

## **Strategic Goal 2**

### **To provide an exchange of information and resources that enhances operational and professional aspects of audit organizations.**

The National Forum will provide timely notification of anticipated and recently implemented changes to auditing and accounting standards that impact the National Forum audit community. The National Forum will also facilitate the exchange of tools and techniques that help the National Forum audit community in its efforts to improve economies, efficiencies, and effectiveness in government.

#### **Objective 2.1**

##### **Keep Forum members informed of the agendas of the standard-setting bodies for items of impact and provide timely notification of upcoming initiatives.**

Numerous standard-setting bodies are issuing changes that impact the National Forum audit community. The challenges facing the community consist of timely input during exposure draft periods, in-depth understanding of the impact of new standards, and how to most efficiently implement the changes.

## **Strategies**

- 2.1.1 Establish a liaison within the National Forum for each standard-setting body to facilitate two-way communications and raise concerns about potential conflicts among auditing and accounting standards.
- 2.1.2 Assign members of the National Forum to monitor standard setting agendas and exposure drafts of standard-setting bodies.
- 2.1.3 Communicate the highlights of standard-setting body activities to the regional audit forums and on the forum Web sites.
- 2.1.4 Invite a member of the board or a representative of each standard-setting body to participate in forum and regional audit forum meetings.

## **Objective 2.2**

### **Enhance initiatives that support governments and professional accountability.**

The National Forum and the regional audit forums are represented by the leadership of the government audit community. This provides a unique opportunity for these groups to implement agenda items that support professionalism and promote the importance of auditing to the accountability community.

## **Strategies**

- 2.2.1 Develop relationships with other professional organizations and nonauditing professional groups, such as the National Association of State Treasurers and the Government Finance Officers Association, with interests similar to those of the National Forum.
- 2.2.2 Develop promotional materials for nonaudit government officials that describe the nature and values of governmental auditing.
- 2.2.3 Organize a speakers' bureau that could address nonaudit professional groups concerning the importance of auditing.
- 2.2.4 Provide information resources through the Web site and e-mails to forum members of articles, position papers, reports, and so forth, which promote the value and importance of accountability.

## **Objective 2.3**

### **Share best practices in government auditing.**

The National Forum is in a unique position to advance best practices for auditors at all levels of government by creating opportunities for systematic sharing of knowledge for all types of audits.

#### **Strategies**

- 2.3.1 Establish an Internet resource center (forum Web site) for government audit best practices. The National Forum Web site will be expanded to include a collection of publications that highlight innovative audit tools and methodologies as well as research and surveys on government auditing issues.
- 2.3.2 Facilitate and share best practices employed by their audit organizations. Results will be shared through the National Forum Web site and Forum meetings.
- 2.3.3 Incorporate topics related to best practices in future forum agendas.

#### **Performance Measures**

- Extent to which the National Forum has kept its members informed about new developments in audit standards (Objective 2.1).
- Extent to which the National Forum has communicated members' interests and concerns to standard-setting bodies (Objective 2.1).
- Extent to which the National Forum has increased communications to governments and the profession (Objective 2.2).
- Extent to which members have gained knowledge of best practices through the National Forum and have applied them in their work (Objective 2.3).

### **Strategic Goal 3**

#### **Improve the National Forum's outreach, management, and impact to assist members in transforming government operations and government auditing.**

Since the National Forum was created 30 years ago, much has changed in the audit community. New organizations, such as the federal offices of the inspectors general (IG), were created. Also, many organizations expanded their responsibilities to include performance auditing as well as financial auditing, and organizations increased their influence on government performance beyond financial management. In addition, private sector firms have taken on a greater role in auditing government entities. In light of these changes, the National Forum will need to review its structures and systems to ensure that it can support its mission cost effectively and is contributing to improved government performance and accountability.

#### **Objective 3.1**

##### **Reassess the National Forum's board composition to include specific representation from public sector accountability organizations, e.g. ALGA, NSAA, and CIGIE in lieu of the current structure.**

In addition, the National Forum should explore stronger and more focused organizational partnerships with the federal IG community and with state and local auditor's organizations. Such affiliations would facilitate communication, coordination, and collaboration across the government audit community.

#### **Strategies**

- 3.1.1 Review and update the charter that created the National Forum to reflect the current makeup of the financial and performance accountability community and to enhance the relationship between the national and regional audit forums.
- 3.1.2 Communicate with organizations not currently active in the National Forum to solicit their participation in the forum and its activities. Participation by these organizations would enable them to support the National Forum mission, while also retaining the differences between the types of organizations in order to preserve the government nature of the National Forum.
- 3.1.3 Provide increased coordination and communication with regional audit forums and leverage training opportunities.

### **Objective 3.2**

**Reexamine the management and internal operations of the National Forum to improve its overall economy, efficiency, and effectiveness.**

An evaluation of the National Forum's management structure, resources, and internal operations could identify potential process enhancements and additional resources that could be used. This becomes even more critical as changes in membership and participation are implemented.

#### **Strategies**

- 3.2.1 Conduct an assessment of the support members can provide the National Forum and develop a business plan to support the National Forum mission.
- 3.2.2 Consider partnering some functions of the National Forum to provide training, identify emerging issues, or sponsor other events of interest to the financial and performance accountability community.

### **Objective 3.3**

**Increase the impact of the National Forum in assisting members in transforming government operations and government auditing to meet current and future challenges.**

#### **Strategies**

- 3.3.1 Identify areas where collaboration and a unified approach by the audit community can increase the effectiveness of efforts to transform government operations and government auditing.
- 3.3.2 Facilitate discussion between members and regional audit forums about the most effective competencies and attributes needed by government auditors to successfully perform financial and performance audits in the current government environment.
- 3.3.3 Identify the best approaches to recruit, develop, and retain a workforce with broadened qualifications, including the specific skills, knowledge, abilities, and experience to address the expanding roles and expectations of government auditors.

## **Performance Measures**

- Extent to which participation and coordination of organizations not currently active in the National Forum has increased (Objective 3.1).
- Extent to which there is adequate and sustainable support and participation to accomplish the National Forum's mission (Objective 3.1).
- Extent to which coordination and training opportunities with the regional audit forums has increased (Objective 3.1).
- Extent to which partners have been incorporated in a cost effective manner to help increase the National Forum's capabilities, resources and effectiveness (Objective 3.2).
- Extent to which participants/members/regional audit forums believe that their key issues and challenges are being addressed by the National Forum (Objective 3.3).
- Extent of the National Forum's impact and contribution to the transformation of government operations (Objective 3.3).
- Extent to which the National Forum has facilitated the identification of competencies, attributes, and qualifications needed to successfully perform financial and performance audits in the current government environment (Objective 3.3).
- Extent to which the National Forum has identified best practices for recruiting, developing, and retaining a qualified workforce that can fulfill the expanded roles and expectations of government auditors (Objective 3.3).

## **2014-2020 Strategic Plan Update Task Force**

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