Presenters:
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Presentation & Notes:
Performance Auditing

Purpose of Performance Audits
1. Provide credibility to the information reported by public officials through objectively acquiring and evaluating evidence.
   a. Look at opportunities, schedules, timing – looking for drivers
2. Contribute to accountability because they provide an independent assessment of government performance in order to improve public accountability and facilitate decision-making by parties with responsibility to oversee or initiate corrective action.
   a. Ex. law regarding unwanted babies – can drop them off at fire stations
3. Let oversight groups know how well their programs are operating.
   a. Dyslexia fund – wanted to audit company to ensure that money was going to the fund
4. Make public officials render an account of their activities to the public.
5. Ensure that public officials: handle public resources efficiently and effectively, allocate resources to achieve the purposes for which the funds were given, comply with applicable laws and regulations, and implement systems designed to achieve that compliance.
   a. UCSF & Stanford medical schools (drain the schools’ money) – both looking to merge (private sectors) – wanted to move forward to legislature – legislature goes to them, needed a 3 week audit that usually takes 5 months – audit report said that they could actually be profitable – listed values of merge – only merged for one year – not profitable because they hadn’t followed through with the recommendations - unmerged
   b. Create a case management system that would link them statewide – link courts (SD, SF) – bid for $30M – audit team goes in – find 200-300 change orders which changes the bid order – team finds what they really spent vs. $300M and they still don’t have a system that works – team carries on and does a full analysis of what it would really take $1.2B – CSA took on contract for internal audit because the previous team failed (budget was pulled and given to CSA)

Government Auditing Standards
General Standards
1. Collectively possess adequate professional proficiency
   a. Ex. Road construction – needed to build a highway next to houses, they didn’t check out the water situation – water ended up flowing on the highway – needed to install multi-million dollar pumps
      i. Must know the limits
ii. Must sometimes use outside agents for opinion
   1. Should have surveyed water levels

2. Independence
   a. Must be perceived as independent – both literally and visually

3. Due Professional Care
   a. Precision & clarity when writing

4. Quality Control

Fieldwork Standards
1. Work-papers
2. Planning
3. Supervision

Reporting Standards
1. Written Results
2. Timely
3. Include Scope, Methodology, significant Findings & Recommendations
4. Include Response

Elements of Finding
- Criteria – what should be happening?
- Condition – what is happening?
- Effect – what is the harm?
- Cause – why the incongruity?
- Recommendation – what should be done about it?
  o Will include (above) when talking about findings
    ▪ Finding – must have a negative affect (law is outdated)
    ▪ Commandment for circumventing the law – by standards it is not a finding
    ▪ Important piece – distinguished from consulting – taking on a risk
  o How do you make sure that departments are taking your recommendations?
    ▪ Take funding away – “money is power”:
      ▪ Management circumvented controls to avoid more work – all included in the audit report – pleading case in courts – arm the legislatures with reports, findings and status of implementation of the recommendations (report card) – revoked budget in court and now 90% of recommendations must be implemented

Evidence Format
- Source – from where did the evidence come from?
- Purpose – why did we acquire or develop the evidence?
Methodology – how do we plan to achieve the purpose?
Analysis – what were the results of implementing the methodology?
Conclusion – what conclusions can we reach based on the analysis?
  o Standards: sufficient, competent, relevant
  o Types: physical, documentary, testimonial, and analytical

BSA Audit Lifecycle (4 of the 16 steps)
  o Pre-scoping – what goals do we want to achieve? (What is the “big question” we want to answer through this audit? – mission statement for audit work
  o Scoping – how do we plan to do it?
  o Fieldwork – Do it
  o Report Processing – discuss results of what we found

Performance audits: Types of questions we typically answer
  1. How is the program (or some element of the program) doing?
  2. What happened (or is happening) and why?
  3. Why did the [program, department, etc.] not work as expected?
  4. Is the program effective or running efficiently?

How to get a job
  o Hiring 20-30 people for the next 4-5 years
    o Increased budget by 50%
  o Expecting to grow the office
    o If graduating within a year – “we want you”
    o Online 75 question MC exam – bring your “A” game
      ▪ Analytical abilities
      ▪ Communication skills
        • Ex. table or graph asking what the graph “means” (A, B, C, or D)
        • Ex. word missing – fill in the blank for ‘fitness’
      ▪ Verbal is one piece
      ▪ Written communication
        • 2 case studies, pick one
  o Hardcopy reports online (read the executives summary for diction)
    o Do well, fly to Sacramento – tour the office – meet other potential colleagues
    o More case study questions coming (no longer hypotheticals)
    o In-person case study questions – want to see how you think and the process you’d take
      ▪ Bring portfolio/padfolio – ask to collect thoughts before answering
    o Not performance driven interview – can you bring it on the day of
  o No more internship (can only onboard so many successful employees – via full time)
Meeting Minutes  
California State Auditor  
October 23, 2012

- Signed a new lease – moving into building next door – bigger (new – top building in Sac)
  - Health club benefits
- Don’t wait on applying
  - Easy to apply – all digital
  - “Join our Team” – shortest government application you’ll see
  - Upload your resume – need to focus on how it looks digitally (pdf form)

In-Meeting Exercise