



CENTER FOR AUDIT EXCELLENCE
U.S. Government Accountability Office

AUDIT IMPACT: LAYING THE GROUNDWORK FOR ACHIEVING ACTION ON AUDIT RECOMMENDATIONS

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PRESENTATION OUTLINE

- The role of auditors in facilitating improved public sector performance
- Importance of having a strategic plan
- Strategies for drafting high value audit reports
- Techniques for working effectively with auditees
- Approaches for identifying broader themes from audit work to build momentum for action



CRITICAL ROLE OF PUBLIC SECTOR AUDITORS

- “Public-sector auditing helps to create suitable conditions and reinforce the expectation that public-sector entities and public servants will performance their functions, effectively, efficiently ethically...” (ISSAI 100)
- Public-sector auditing contributes to good governance by “creating incentives for change by providing knowledge, comprehensive analysis and well-founded recommendations for improvement.” (ISSAI 100)



VALUE OF STRATEGIC PLANNING

- A sound strategic planning process is critical to help focus audit resources on high value audit topics
- Most Supreme Audit Institutions (SAIs) have developed strategic plans
 - 2014 Global Stocktaking report found that 92% of SAIs now have strategic plans, up from 73% in 2010
- Planning processes should also include tracking implementation of strategic plan objectives



GAO STRATEGIC PLAN FOR SERVING CONGRESS

- GAO produces a 5-year plan to ensure the agency is able to anticipate and respond to congressional needs. *The next one will be issued in early 2018.*
- Our current Strategic Plan highlights eight broad trends:

| NATIONAL SECURITY THREATS | DEMOGRAPHIC AND SOCIETAL CHANGE |
|---|---------------------------------|
| Fiscal Sustainability and Debt challenges | Science and Technology |
| Global Interdependence | Networks and Virtualization |
| Economy Recovery and Restored Job Growth | Shifting Roles of Government |



CRAFTING PERSUASIVE AUDIT REPORTS

- Approaches for developing the audit report message
- Thinking like a reader rather than a writer
- Deductive vs Inductive writing
- Techniques for self-review such as checking for linkage and use of checklists





TOOLS FOR MESSAGE DEVELOPMENT

- Findings Matrix
- Writing on Walls
- Message-Oriented Report Outline





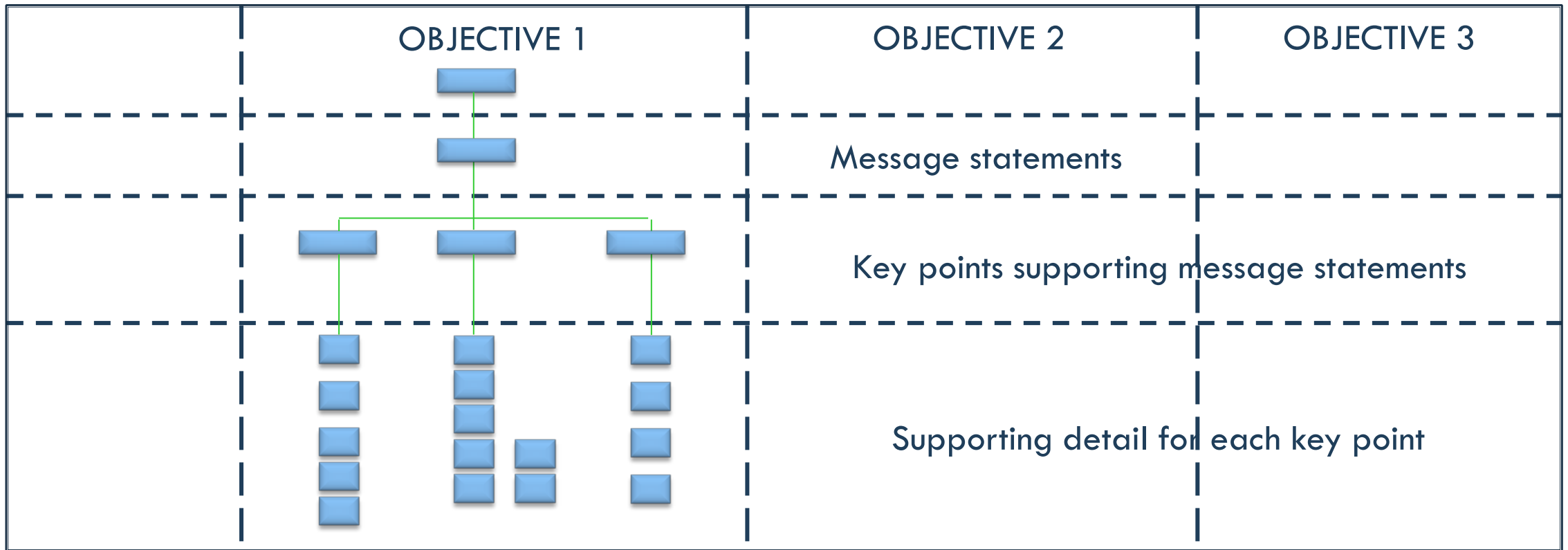
FINDINGS MATRIX

| FINDING | |
|-----------------------|--|
| Criteria | |
| Condition | |
| Cause | |
| Effect | |
| RECOMMENDATION | |



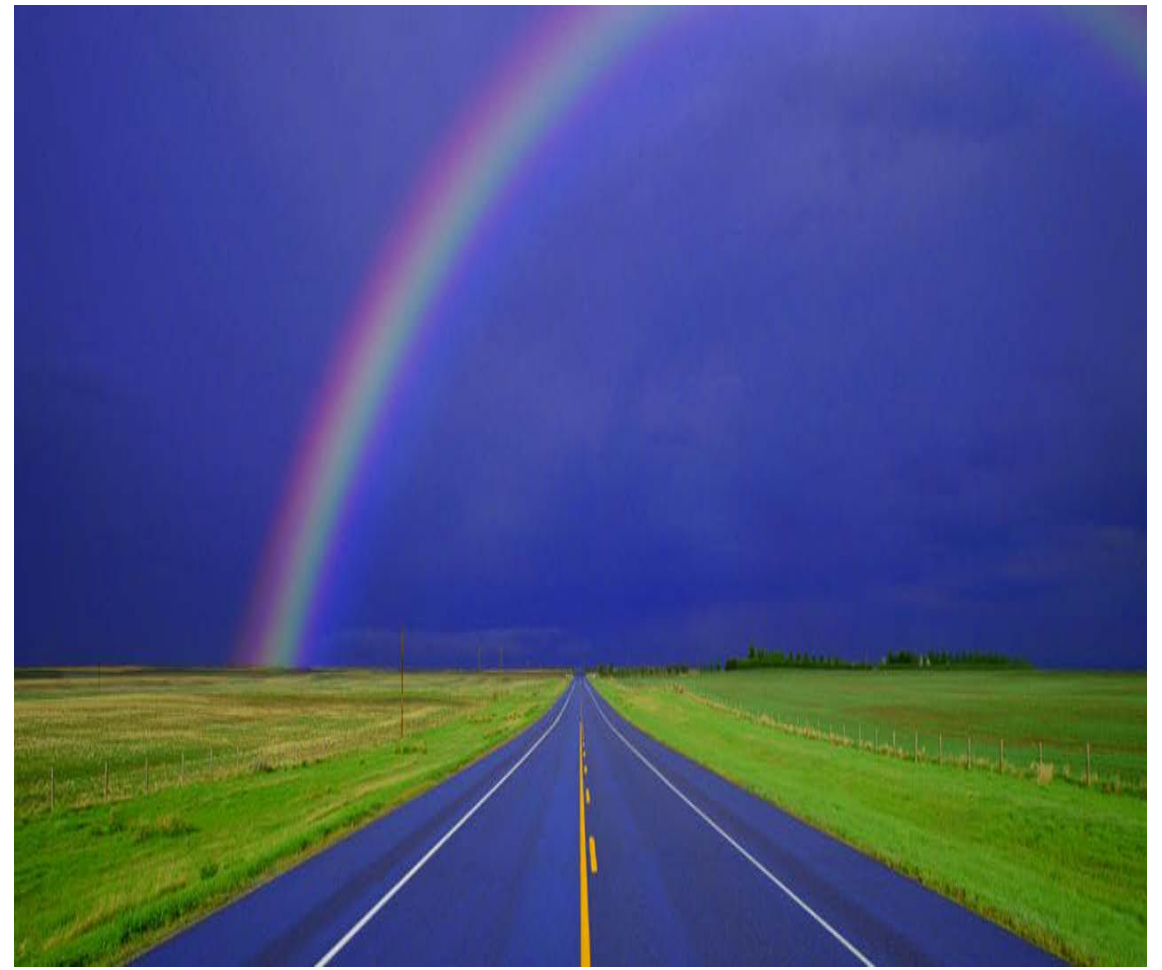
WRITING ON WALLS

The wall has horizontal and vertical divisions. These divisions allow us to organize visually.





WRITER- VERSUS READER-BASED WRITING





DEDUCTIVE STRUCTURE

- Present the main idea up front, then support
- Let readers know where you are going
- Give readers as much help as possible, for example, using headings





BEING YOUR OWN REVIEWER

- Use structured reading to focus on “higher order” concerns
- Look at linkage: objective-finding-conclusion-recommendation
- Are elements of the finding clearly presented?
- How will reader agree that evidence is sufficient and appropriate?
- Use a checklist as a memory jogger to help focus your review



TECHNIQUES FOR WORKING WITH AUDITEES

- “Auditors should establish effective communication throughout the audit process.” (ISSAI 100)
- Most or all audit organizations have some procedures for working with auditees such as entrance meetings, exit meetings, and processes for obtaining comments on draft reports
- However audit teams can use additional techniques to build good relations and help audits to achieve greater impact.



TECHNIQUES FOR WORKING WITH AUDITEES

- Plan informal “check-ins” with auditee throughout the audit
- Schedule one or two meetings with senior level auditee officials in addition to meeting with working level contacts
- Discuss audit findings with auditees prior to sending a draft report; pay particular attention to obtaining auditee views on the cause(s) of problems
- Obtain auditee input on approaches for fixing problems and consider their perspectives on feasibility and cost of implementing recommendations



SPECIAL PRODUCTS FOR KEY ISSUES

- International Audit Standards state that SAs should analyze their individual reports to identify themes, common findings, trends, root causes and recommendations and discuss these with key stakeholders.
- GAO does this in several ways. Examples include:
 - Annual Performance Accountability report
 - “High Risk” report every 2 years
 - Annual Duplication, Overlap, Fragmentation and Cost Savings reports
 - Fiscal Outlook and Debt



GAO'S HIGH RISK PROGRAM



- Every 2 years GAO designates high risk areas based on their:
 - Increased susceptibility to fraud, waste, abuse or mismanagement
 - Need for broad-based transformation to increase economy, efficiency, effectiveness
- Initiated in January 1990; most recent biennial update released in February 2017 cited 34 high risk areas



DUPLICATION AND COST SAVINGS



- GAO's 2016 Annual Report identified new areas of fragmentation, overlap, or duplication in federal programs and activities.
- GAO also identified other opportunities for cost savings or revenue enhancement.



FISCAL OUTLOOK AND THE DEBT



FISCAL OUTLOOK & THE DEBT

- GAO's federal simulations show that absent policy changes, the U.S. federal government faces an unsustainable growth in debt.
- A growing imbalance between revenue and spending is driven on the spending side by rising health care costs and the aging population



IMPACT OF GAO'S WORK

- GAO has robust follow-up procedures to document the impact of our work.
- In fiscal year 2016, GAO achievements included:
 - \$63.4 billion in financial benefits as a result of actions taken
 - 1234 improvements in program and operational areas across government
 - More than 2000 new recommendations made
 - 73 percent of recommendations made were implemented



CENTER FOR AUDIT EXCELLENCE MISSION

Promote good governance and build the institutional capacity of domestic and international accountability organizations by providing high quality fee-based training, technical assistance, and related products and services.



CENTER OPERATIONS



- Launched on October 1, 2015 with communications tools including a webpage, short video and brochure.
- Has a roster of over 80 former GAO senior executives and audit managers with a wide range of experiences and expertise. We provide training at GAO and at client locations domestically and abroad.
- Response has been positive. We completed 10 projects in 2016 and have significantly expanded our programs in 2017.



CONTACT INFORMATION

- We welcome you to learn more about the Center for Audit Excellence or contact us by:
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