

Performance Audits

Betty Montgomery, Auditor of the State of Ohio

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Jim Penning, Chief Auditor
Mike Day, Senior Audit Manager
Performance Audit Section



Overview of the Performance Audit Section

- **Creation of the Performance Audit Section was an initiative of the State Auditor in 1995.**
- **Since 1995, the Performance Audit Section has completed a variety of projects.**
 - **State of Ohio Legislative requests**
 - **Local government requests**
 - **Professional services for fiscally distressed governments**
- **Current staff includes 50 professionals with various backgrounds.**

Let's Start with the Basics

The “Yellow Book” Definition of Performance Auditing:

- “An objective and systematic examination of evidence for the purpose of providing an independent assessment of the performance of a government organization, program, activity, or function in order to provide information to improve public accountability and facilitate decision-making...” GAO

What is a Performance Audit?

- Economy and Efficiency Audits
 - Determine if an entity is making optimal use of available resources, at an appropriate level of quality.
 - Determine if an entity is accomplishing its goals with minimum resources and with the fewest negative consequences.
- Program Audits
 - Determine if the entity's activities or programs are effective, if goals are reached and if the goals are proper, suitable or relevant.
 - Focus on the relationship of the program goals to the actual program outputs or outcomes.

Why a Performance Audit?

- Independent and objective professional resource.
- Public validation and assurance.
- Helps to prioritize and direct resources most effectively.
- Test of control systems.
- Detect waste, fraud and abuse.
- Define appropriate service levels.
- Healthy organizations continually look at themselves.

The Ohio Experience to Date

- 153 performance audits released to date.
 - 75 School Districts
 - 35 Municipalities
 - 32 Counties
 - 10 State Agencies
 - 1 University

Impacts of Performance Audits

- 2,083 Noteworthy Accomplishments
- 9,401 Recommendations
- \$448 Million in Potential Annual Savings
- \$122 Million in Cost Avoidances
- \$62 Million in One Time Revenue Enhancements
- \$42 Million in Annual Revenue Enhancements
- Performance audits cost less than 2 cents for every dollar of potential savings

Types of Performance Assessment

- Strategic Planning
- Service Efforts and Accomplishments
- Benchmarking Against Standards and Best Practices
- Peer Comparisons

Methodology: Planning

- Identify areas to be examined based on client concerns and initial planning
- Determine audit scope and timeline
- Issue Letter of Arrangement (LOA) or Notice of Engagement
- Identify peers and solicit their participation
- Identify criteria and benchmarks for use in assessments

Methodology: Fieldwork

Audited Agency

- Provides data through interviews and documentation
- Participates in status updates
- Reviews and provides comments on preliminary report drafts

Methodology: Fieldwork

Audit Team

- Collects and reviews internal resource documents
- Conducts agency interviews
- Collects and reviews peer data
- Identifies best practices, industry standards and other benchmarking criteria
- Compiles report data
- Regularly updates audited agency

Methodology: Quality Control

- Reports are comprehensively reviewed by project and AOS management.
- Client is formally requested to provide feedback and comments on report drafts.
- Post Audit (Exit) Conference is conducted.
 - Another opportunity for client comments and feedback.
- Report is publicly released.

The Bottom Line

- Constituents deserve good government that is efficient, effective and responsive.
- Performance audits can be a resource to local governments in their efforts to improve.

Questions???

Thank You