

The slide features a solid orange background. A large white circle is centered on the page. On the left side of the white circle, there is a dashed yellow arc. At the bottom right of the white circle, there is a solid blue circle. The text is centered within the white circle.

# 2020 APIPA Annual Conference

Effectively Engaging Stakeholders

August 5, 2020

# Session Greetings and Salutations

- A Personal and Professional Introduction
- I am an Auditor and, therefore, must qualify
- Training in a Virtual World
- Teaching Approach and Style
- Case Examples and Story Telling
- Staying in Tune: Course Flexibility and Adaptability
- Real Takeaways and Applicability
- Cultural Considerations
- Course Administrative Junk





# Session Objectives

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The Import of Public Sector Auditing

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The Art of Disappointment - Ensuring Audit Impact and Value

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A Profession Under Siege

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Auditing in Post-COVID World – New World; New Tactics 2018

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Stakeholder Identification and Engagement Strategies

---

2018 GAGAS Internal Control – Risk Assessment and ERM

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Communicating Audit Results to Stakeholders

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The Promise of Real-Time Auditing

---

Measuring, Reporting, and Facilitating Audit Impact



# Public Sector Auditing Overview

- I think, therefore I am, I think
- Types of Government Audits
- Financial, IT, and Performance Auditing - Stakeholder Similarities and Differences
- Session Generally Focuses on Performance Audit But...
- What is Performance Auditing and Why is it a Profession?
- The History and Evolution of Performance Auditing
- Definitions of Performance Auditing
- Generally Accepted Government Auditing Standards



United States Government Accountability Office  
By the Comptroller General of the  
United States

July 2018

# GOVERNMENT AUDITING STANDARDS

## 2018 Revision

GAO-18-348

# Performance Auditing Defined

Generally Accepted Government Auditing Standards

“Provide objective analysis to improve program performance and operations, reduce costs and facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and improve public accountability.” (GAGAS 2018, par 2.10, A2.02)

Clear as mud and that’s actually a very good thing!

A simple charge for performance auditors, indeed!

Key 2018 Revisions – Emphasis on Internal Control

# The Power of Performance Auditing

Performance Auditing Defined: Rendering Verdicts on Human Performance

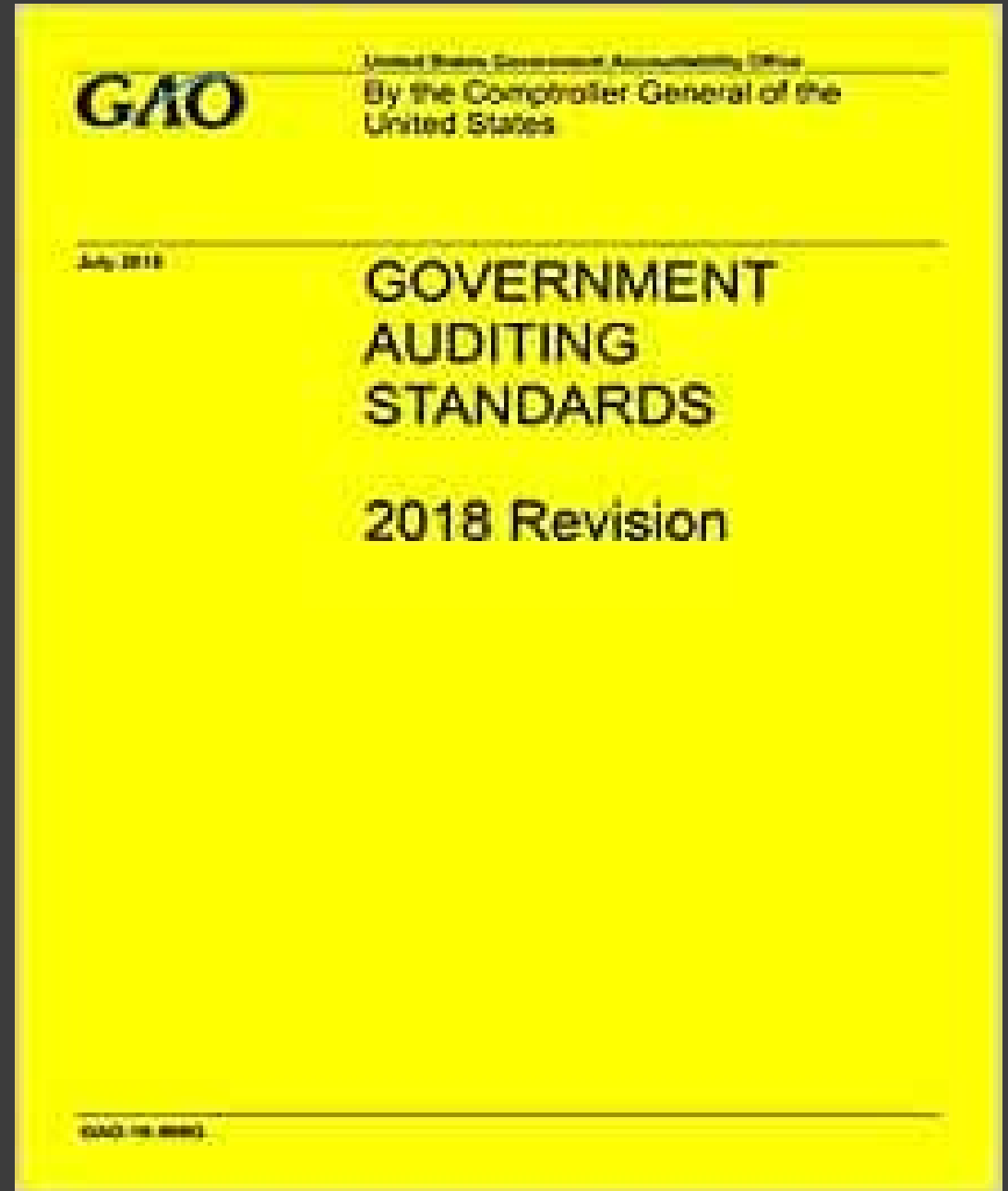
- Identifying related consequences and significant causes
- Suggesting practical solutions for improving performance
- Importance of auditor self-awareness
- Differences between performance and financial auditing
- Key performance audit standards
  - Independence
  - Evidence and Findings – *“Interpreting Reality”*
  - Professional judgment
  - Communication



# “What Exactly Is Performance Auditing?”

## Key performance audit standards

- Independence
- Evidence and Findings – *“Interpreting Reality”*
- Professional judgment
- Communication
- Internal Control



# The Power of Performance Auditing



Performance Auditing Value Proposition



*The Art of Being Relevant*



A profession in a state of evolution



With opportunity comes responsibility



Risk to profession for failure to seize opportunity



Rise Up!

# Rise to the Calling

- A Noble Profession
- Importance of Government Oversight Functions
- Objectivity Void
- The Activist Auditor Concept
- Optimizing Impact and Value-Add Potential
- Navigating Risks to the Profession



# Vision, Purpose, Courage, and Tact



Lennis Knighton's Vision



Increasing Auditor Risk Appetite



Willingness to Audit 3<sup>rd</sup> Rail Issues



Governance, Program Effectiveness, Public Policy Efficacy and Prospective Analysis Audits



Being at the Right Place at the Right Time



Proactive versus Reactive Paradigm Shift

# Poll Question #1

**According to GAGAS, a primary purpose of performance auditing is:**

- A. To provide objective analysis to improve program performance and operations.
- B. To reduce program costs.
- C. To facilitate decision-making by parties with responsibility to oversee or initiate corrective action.
- D. To improve public accountability.
- E. All of the above.



# a well executed audit disappoints everyone

Effectively Navigating Diverse Stakeholders: A Case Study of the Oregon Secretary of State's Prescription Drug Monitoring Program

National State Auditors Association 2020 Award

Data Analytics to Save Lives

See "The Pharmacist" on Netflix

Subsequent Audit Activity



# Prescription Drug Monitoring Program

Constraints on Oregon's PDMP Limit the State's Ability to Help  
Address Opioid Misuse and Abuse



Secretary of State  
Oregon Audits Division

# Oregon's opioid epidemic



- Governor declared a public health emergency in March 2018
- As of the audit (December 2018), Oregon:
  - Had the highest rate in the nation of seniors hospitalized for opioid-related issues (overdose, abuse, dependence)
  - Had the sixth-highest percentage of teenagers with a substance use disorder
  - Ranked almost last (49<sup>th</sup>) nationwide for providing access to treatment and recovery support for adolescents with substance use disorders
  - Ranked last (50<sup>th</sup>) for providing access to treatment and recovery support for adults with substance use disorders
- Deaths due to prescription opioids equated to about one Oregonian dying every three days

# Audit risk assessment, scope, and objective



Risk Assessment and Inclusion in Annual Audit Plan



Scope: The audit reviewed Oregon's Prescription Drug Monitoring Program (PDMP) efforts since its inception and program data for calendar years 2015 through the first quarter of 2018.



Objective: To determine if Oregon can better leverage the PDMP to help mitigate the devastating impacts of the opioid epidemic.

# Prescription Drug Monitoring Programs

- All 50 states have PDMPs
  - PDMPs maintain an electronic database of prescription information, collected directly from pharmacies, to provide physicians and pharmacists with a patient's prescription history
- All PDMPs, at a minimum, collect information on drugs federally classified as Schedules II, III, and IV controlled substances
- Oregon PDMP Enacted in 2009 and started to collect information in late 2011
- Oregon designed the program “to promote public health and safety and improve patient care by providing prescribers and pharmacists with information to better manage patients' prescriptions”
- What information is collected?
  - Patient name, date of birth, address, etc.
  - Prescriber name and DEA number
  - Date prescribed
  - Date medication dispensed
  - Drug prescribed (name, quantity, days' supply, and number of refills)
- Funded through licensing fees

# Audit findings

1. OHA could better use PDMP data to analyze trends, including identifying patterns of possible opioid misuse and abuse.
2. State laws prevent OHA from sharing information on questionable activity with key stakeholders, including health licensing boards and law enforcement.
3. Using data analysis, we found people who received prescriptions from excessive numbers of prescribers and instances of dangerous drug combinations and prescriptions for excessive dosages.
4. Oregon is only one of nine states that does not require prescribers or pharmacies to use the PDMP before writing or dispensing an opioid prescription.
5. Due to statutory restrictions, the PDMP does not collect some information that could be critical in preventing drug abuse, including:
  - Prescriptions filled by non-retail pharmacies
  - Veterinarian-prescribed prescriptions
  - Prescriptions for Schedule V drugs
  - Details such as method of payment and diagnosis information

# Statewide analysis is limited

- OHA is doing some prescribing analysis at the county and state level
  - However, these are not layered together to identify statewide patterns
- Historically, PDMP data has not been used to identify risky or questionable prescribing and dispensing behaviors of prescribers
- Doctor shopping is an issue that continues
  - Using data analysis, we identified 148 people who exhibited behaviors associated with doctor shopping

**Average Person**



Prescriptions from 2 prescribers  
Prescriptions filled by 2 pharmacies

**148 People in Our Analysis**



Prescriptions from 30 or more prescribers  
Prescriptions filled by 15 or more pharmacies

Source: OAD analysis using PDMP data, calendar years 2015 through 2017, provided by OHA PDMP staff.

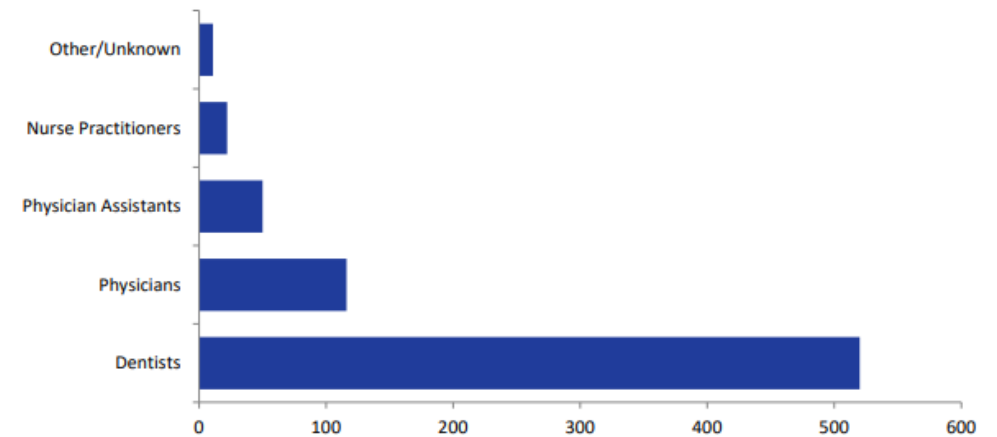
# Our data analysis found alarming trends

Figure 8: The most egregious cases of potential doctor shopping saw hundreds of prescriptions filled

	Person 1	Person 2	Person 3	Person 4	Person 5
<b>Total Opioid Prescriptions Filled</b>	290	315	140	207	156
<b>Most Frequent Drug(s)</b>	Hydrocodone	Hydrocodone	Hydrocodone, Oxycodone	Hydrocodone	Hydrocodone, Oxycodone
<b>Different Prescribers</b>	232	207	102	98	80
<b>Different Pharmacies</b>	75	40	57	36	21
<b>Other Information</b>	32 opioid prescriptions paid by Medicaid	Prescription for buprenorphine in late 2017, indicating may have a substance abuse disorder	Prescription for buprenorphine in 2017, indicating may have a substance abuse disorder	N/A	N/A

Source: OAD analysis using PDMP data, calendar years 2015 through 2017, provided by OHA PDMP staff.

Figure 9: Dentists prescribed most of the opioids in our five cases of potential doctor shopping



Source: OAD analysis using PDMP data, calendar years 2015 through 2017, provided by OHA PDMP staff.

# State law hampers use of the PDMP

- State law does not require prescribers to use the PDMP
  - As of November 2018, only 77% of prescribers had registered
- State laws block access to PDMP data for some key players
  - Including health licensing boards and law enforcement
- PDMP is not allowed to evaluate prescriber practices and habits among peers
  - Some states, but not Oregon, produce prescriber report cards
- Audit risk and challenges considerations for high profile audits impacting influential constituencies and sensitive public policy areas

# Oregon compared to nearby states

State	Prescriber Report Cards?	Mandatory Use for Prescribers?	Law Enforcement Access During an Active Investigation?	Unsolicited Reports Sent to Prescribers?	Pharmacy Data Collected within 24 Hours or Next Day?	Veterinarian Data Collected?	Schedule V Collected?	Method of Payment Collected?
Oregon								
California		•	•	•		•		•
Colorado	•	•			•		•	•
Idaho	•		•	•	•		•	•
Nevada	•	•	•	•	•			•
Washington	•	•	•		•	•	•	•

Source: Prescription Drug Monitoring Program Training and Technical Assistance Center, Brandeis University.



# Our recommendations

- Our report included 12 recommendations to OHA for optimizing the state's PDMP.
- OHA can implement some of these within existing statutes and rules, and for others it needs to work with the Legislature.
- OHA agreed with all of the recommendations, but stated that because seven fall outside the scope of its statutory authority, its ability to implement them is limited.
- Subsequent Activity and Impact
  - U.S. Attorney Subpoena
  - Veterinary Board Audit – FBI Distribution
  - Medical and Dental Licensing Board Audits

# Public Accountability Under Siege



The United States of America in 2020



Age of Diminishing Accountability and Transparency



Crisis of Confidence – Erosion of Public Trust



Tribalism and “Fake News”



Auditors’ Inherent Disadvantages



Obstruction, Bully Pulpit Attacks, and Budgetary Payback



# War Stories Attacks on Auditors Not Just Theoretical

Real-Time Oregon SOS Performance Audit Authority Issue

Governor Office Response to SOS Foster Care Audit

U.S. Department of Justice Inspector General

1994 GAO Budget Cuts

California State Auditor

Massachusetts State Auditor

Iowa State Auditor

City of Lawrence Kansas Auditor

Canadian Auditor General

Auditor General of South Africa

US Inspector Generals Under Siege

# Accusations of partisanship rile SOS audits chief

Claire Withycombe/Capital Bureau Friday, February 09, 2018

Governor's spokesman tells paper audits are political, but auditors fire back






“  
... a spokesman for Democratic Gov. Kate Brown told the Salem Statesman-Journal that Richardson's audits “are just about politics.”  
”

PAMPLIN MEDIA GROUP - A spokesman for Gov. Kate Brown has charged that audits conducted under Republican Secretary of State Dennis Richardson are partisan, causing the audit director to fire back.

**SALEM — A public accusation by a gubernatorial staffer that the secretary of state's audits are politically motivated has created a dust-up between Oregon's two top offices, public records show.**

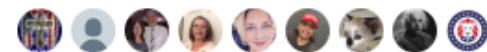




“

 **Donald J. Trump**   
@realDonaldTrump Follow 

Why is A.G. Jeff Sessions asking the Inspector General to investigate potentially massive FISA abuse. Will take forever, has no prosecutorial power and already late with reports on Comey etc. Isn't the I.G. an Obama guy? Why not use Justice Department lawyers? DISGRACEFUL!

9:34 AM - 28 Feb 2018

23,273 Retweets 84,518 Likes 

 40K  23K  85K 

”

# When Congress wiped an agency off the map

By Ed O'Keefe  
November 29, 2011



(Andrew Hurrell/BLOOMBERG)

“

Bartlett warns that history is repeating itself as lawmakers are pushing to cut the budget of the [Government Accountability Office](#) to demonstrate fiscal responsibility while Gingrich is reviving his calls to eliminate of the [Congressional Budget Office](#), which he recently called “a reactionary socialist institution which does not believe in economic growth.”

“It is essential that Congress not cripple what is left of its in-house expertise,” Bartlett writes. “Gutting the GAO and abolishing the CBO would be acts of nihilism. Any politician recommending such things is unfit for office.”

”

“

Lately, the G.A.O. has been the prime target. Appropriators are [cutting its budget](#) by \$42 million, forcing furloughs and cutbacks in investigations that identify billions of dollars in savings yearly. So misguided is this effort that Senator [Tom Coburn](#), Republican of Oklahoma and one of the most conservative members of Congress, came to the agency’s defense.

In [a report](#) issued by his office on Nov. 16, Senator Coburn pointed out that the G.A.O.’s budget has been cut by 13 percent in real terms since 1992 and its work force reduced by 40 percent — more than 2,000 people. By contrast, Congress’s budget has risen at twice the rate of inflation and nearly doubled to \$2.3 billion from \$1.2 billion over the last decade.

”



**Economix**

Explaining the Science of Everyday Life

## Gingrich and the Destruction of Congressional Expertise

BY BRUCE BARTLETT NOVEMBER 29, 2011 6:00 AM 39



[Bruce Bartlett](#) held senior policy roles in the Reagan and George H.W. Bush administrations and served on the staffs of Representatives Jack Kemp and Ron Paul. He is the author of the coming book [“The Benefit and the Burden.”](#)

MARCOS BRETÓN

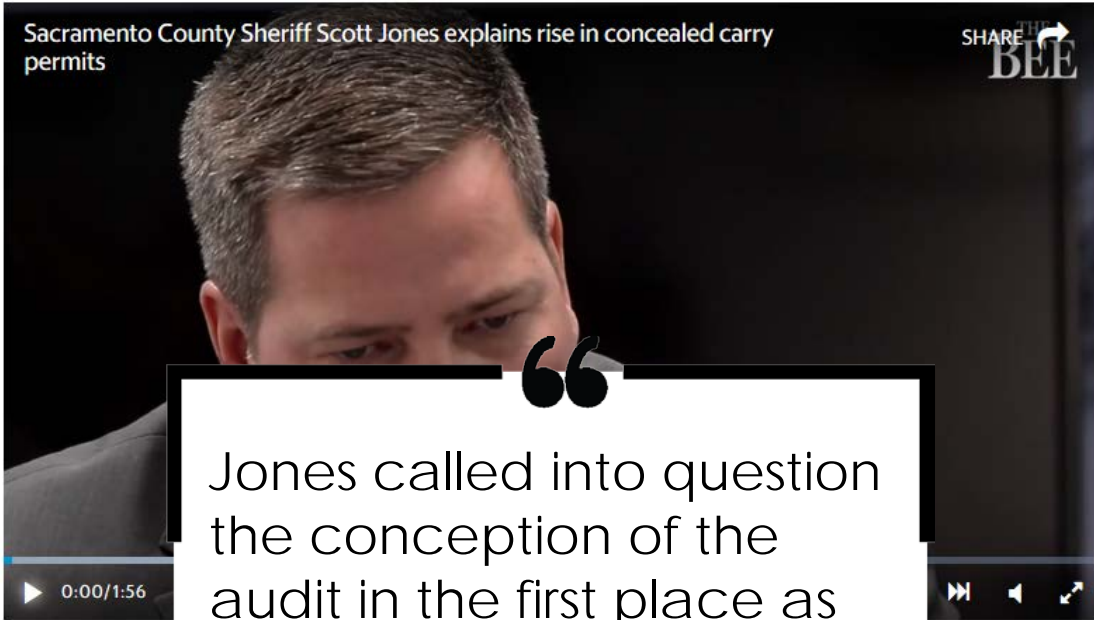


Marcos Bretón

# Sheriff Scott Jones threw a verbal punch at the state auditor, but hit the DA too

BY MARCOS BRETÓN

JANUARY 14, 2018 04:00 AM, UPDATED JANUARY 16, 2018 02:30 PM



“

Jones called into question the conception of the audit in the first place as well, claiming it was created out of “questionable circumstances” and was a political move...

”

# Why Government Watchdogs Are Worried

Budget cuts and political retaliation, they say, are endangering their jobs and their ability to uncover information.

SEPTEMBER 2017



COLUMN MICHAEL HILTZIK BUSINESS

## The audit of UC's management shows that the real threat to higher education is inside the house

By MICHAEL HILTZIK MAY 05, 2017 | 8:00 AM

Elaine Howle, California's auditor,



Ready for the hot seat: UC Regents Chair Monica Lorzano, left, and UC President Janet Napolitano await their turn to respond to State Auditor Elaine Howle's report on the system administration during a legislative hearing Tuesday. (Rich Pedroncelli / Associated Press)

We can identify many of the threats to public higher education in the United States: political attacks on faculty by conservative politicians, systematic budget cuts, selling out academic programs to big-money donors.

Who would have thought that a major threat would come from a university's own president?

ADVERTISEMENT

ADVERTISEMENT

# Republicans blast Bump for mixing politics and audits

By Christian M. Wade Statehouse Reporter Sep 11, 2018



BOSTON — State Auditor Suzanne Bump is coming under fire over an audit claiming the state issued driver's licenses and disability parking placards to dead people, with Republican Gov. Charlie Baker's supporters blasting it as an attempt to derail his reelection.

## Will Rob Sand, Iowa's new state auditor, be the taxpayers' watchdog or a Democratic attack dog?

Barbara Rodriguez, Des Moines Register Published 3:43 p.m. CT Dec. 3, 2018 | Updated 9:15 a.m. CT Dec. 4, 2018



Rob Sand speaks after he defeated incumbent Mary Mosiman in Iowa's State Auditor election. Brian Powers, bpowers@dmreg.com

## City of Lawrence auditor resigns amid budget discussion, hopes city keeps position

NEWS  
 JUL 17, 2017 - 10:33AM  
 ROCHELLE VALVERDE

f SHARE t TWEET



Lawrence City Hall, 6 E. Sixth St., Thursday, July 7, 2016

The City of Lawrence auditor has resigned his position amid debate on whether the position should be cut from the city's budget.

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NEWSLETTERS  
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Alerts on breaking news delivered straight to your inbox.

Delivery: Varies

Your Email

The great expectations gap

# What is an audit for?

Lawmakers, auditors, investors and courts all have different expectations



Print edition | Finance and economics >  
May 26th 2018

AUDITS get noticed only when things go wrong. I issued a scathing attack on KPMG, an auditor, following the collapse of Carillion, a contracting company. So I'm now looking into Deloitte's audit of Steinhoff, a retail giant that could face a court-damages verdict for hundreds of millions. I'm also not spotting fraud at Colonial Bank, a failed American bank fighting a \$3bn lawsuit in Ukraine and a two-year



PRETORIA, SOUTH AFRICA – NOVEMBER 29: Auditor-General Kimi Makuetu during an interview on November 29, 2014 in Pretoria, So...

322 Reactions

The Auditor-General of South Africa warned Parliament to expect an upsurge in violent crimes against members of the AG team as they traverse the country finalising local government audits.

Politics

# Auditor general to public service: stop ignoring my reports

'It's almost is like the departments are trying to make our recommendations and our reports go away,' AG says

Elise von Scheel · CBC News · Posted: Jun 01, 2018 3:37 PM ET | Last Updated: June 1, 2018



el Ferguson. "We need to have better responses to our recommendations." (Sean ...)



Moira Levy

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# Media Headlines: US Inspector Generals Under Fire

- Trump's fourth inspector general firing generates new inquiry
- Trump has now fired four inspectors general in six weeks, though the latest, targeting the State Department's IG, might be the worst.
- State Department inspector general becomes the latest watchdog fired by Trump
- White House hits out at 'Deep State' after Trump fires watchdog
- Trump Inspector General Firings Take Aim at Rule of Law
- The Silencing of the Inspectors General
- Here are the 4 inspectors general ousted by the Trump administration
- Lawmakers have called for a full explanation into the administration's firings

# Types of Threats

"No funds, no audits."

Reputational

"These auditors are political hacks."

Budgetary

"The auditor does not have the authority to audit."

Legal

"Oh, you meant those records."

Stonewalling

"Your work is inaccurate."

Increased Audit Risk

"My director is a political hack."

Audit Staff Perceptions

Employment Status

"Off with your head!"

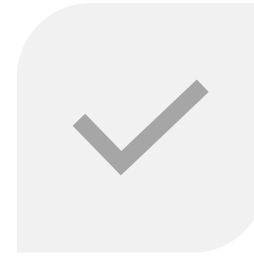
Internal Audit Role V. External Audit Role Risks



# Navigating the Risks



LIKE IT OR NOT –  
AUDITORS ARE ENGAGED  
IN THE POLITICAL ARENA



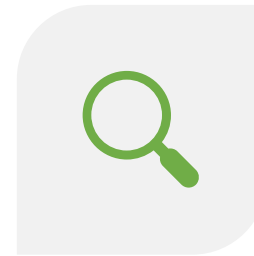
PROACTIVE STRATEGIC  
ENGAGEMENT



AUDITOR COMPETENCY –  
#1 CORE REQUIREMENT  
ALWAYS



COLLABORATION AND  
COMMUNICATION –  
RELATIONSHIPS



AUDIT EDUCATION –  
SELLING AUDIT EVERY  
OPPORTUNITY

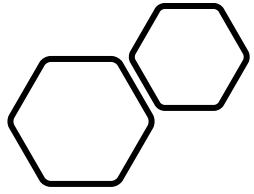


COMMUNITY  
ENGAGEMENT – PEOPLE  
STILL TRUST AUDITORS

## Poll Question #2

Which of the following models likely provides the greatest level of audit independence?

- A. The Chief Audit Executive reports to a legislative body.
- B. The Chief Audit Executive reports to a Chief Financial Officer.
- C. The Chief Audit Executive is elected and reports directly to the public.
- D. The Chief Audit Executive reports to an independent audit committee.
- E. The Chief Audit Executive reports to an independent commission appointed by the executive branch



# Stakeholder Strategies



## **Adopt Explicit Stakeholder Communications Strategies**



## **Key Audit Stakeholder Groups**

Elected Officials  
Agency Directors and Managers  
Media  
Public  
Professional Audit Community  
Audit Staff



## **Understanding and Balancing Expectations**



## **Establishing Diverse Support Networks**



Oregon Secretary of State  
Audits Division

## 2019-20 Audit Plan

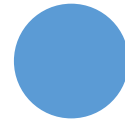
# Selling Audit Value

- Audit Transparency – Public Audit Plans
- Inclusive Risk Assessment Processes
- Audit Process Communications and Updates
- Citizen Centric Audit Reporting
- Diverse and Value Add Focused Portfolios
- Real-Time Audits, Data Analytics
- Measuring Impact – Robust Follow-up

# Internal Control and Risk Assessment Defined

## Key “Risk” Terms and Definitions

- Risk – The Auditor’s Reality
  - Control Risk
  - Inherent Risk
- Risk Assessment – Hiding Behind Numbers
- Risk Factors – Risk of Over Analyzing Risk Factors
- Audit Risk – To Be Relevant or Not to Be
- Risk Appetite – Auditing in a Very Gray World
- Enterprise Risk Management (ERM)
- Do Not Speak in Tongues



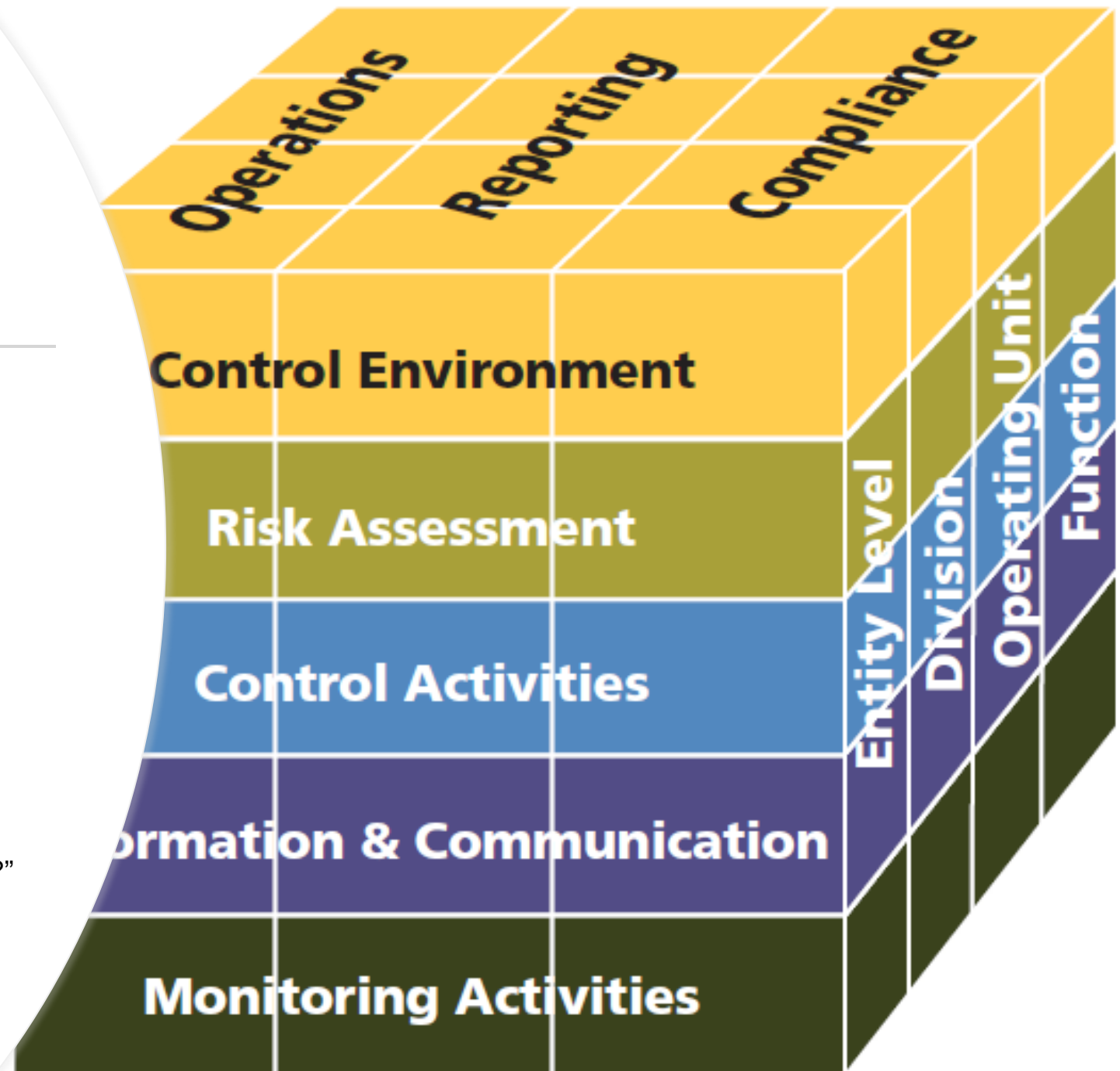
The Science of  
Internal Control  
Assessment –  
The Auditor's  
Rubik Cube



# The Science of Internal Control Assessment

“Melting the Cube”

- Control Environment – Ye Olde Tone at the Top
- Risk Assessment – Don’t Do What Donny Don’t Does
- Control Activities – The Faux Comfort of the Appearance of Control
- Information & Communication – Root Cause #1
- Monitoring Activities – Who’s on First and Who’s in Leftfield?”





# The Science of Internal Control Assessment

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- The Dream of Public Sector Enterprise Risk Management
- Root Cause Analysis for Lack of ERM in Public Sector
- The Importance of Strategic Planning and Performance Measurement Processes
- Tool Kit – “The Holy Green Book”
- 2018 GAGAS Revisions - Impacts



Oregon Secretary of State  
Audits Division

## 2019-20 Audit Plan

# How does internal control work?

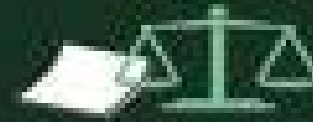
Internal control helps an entity



Run its operations efficiently and effectively



Report reliable information about its operations



Comply with applicable laws and regulations

## Who would use the Green Book?

Here are some examples of people who use it:



Someone who manages programs for federal, state, or local government



Someone conducting a performance audit or a financial audit



Someone responsible for making sure that personnel follow policies and procedures related to any and all job responsibilities

## How is internal control organized?

Standards for Internal Control in the Federal Government



*Standards for Internal Control in the Federal Government* (the Green Book) is organized by five components of internal control, and apply to staff

# Ensuring Performance Audit Impact



Audit Impact Defined



Nexus to Planning  
Objectives and  
Outcomes



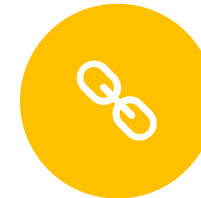
From Fieldwork to  
Reporting



Reporting Audit  
Standards – Quality  
Assurance



Telling the Audit Story



The Missing Impact Link  
– Robust Audit Follow-  
Up



Performance Audit  
Process and Impact  
Outcome Measurement

# The Audit Audience



Understanding Non-Audit Expectations,  
Language and Perspectives



Overcoming Value Proposition and ROI  
Stereotypes and History



Assurance Matters Too!



Adopting an Explicit Impact  
Communications Strategy for both  
Internal and External Stakeholders



# Know Your Audience

- Defining and understanding key stakeholders
  - Internal and external stakeholders
  - Audit staff key stakeholders
  - Elected officials and operational management
  - Public at-large
  - Audit community
  - Survey: Micronesian State Key Stakeholders

## Poll Question #3

Which of the following is the most significant APIPA stakeholder for audit reports?

- A. Citizens and the general public.
- B. Elected officials.
- C. Internal audit staff.
- D. Operational Management.
- E. Media.



# Reporting For Impact



GAGAS and IIA Definitions and Key Standards



Shades of Grey - The Import and Risks Related to Audit Reporting



To Report or Not to Report, That Is the Question I Ask of Thee – The Risk of Risk Aversion



Managing Stakeholder Relations and Pushback on Reporting Practices

# Reporting Performance Audit Results

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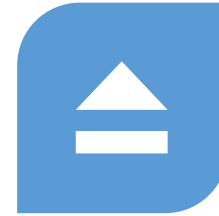
AUDIT REPORTS: THE AUDIT  
PROFESSION WIDGET



AN INTRODUCTION TO SIR  
STAN STENERSON



MULTIPLE PURPOSES AND  
AUDIENCES



THE LOGICAL AUDITOR -  
ELEMENTS OF A FINDING



CONDITION, CAUSE, EFFECT,  
CRITERIA AND  
RECOMMENDATIONS AND  
WHY THEY REALLY MATTER



ROOT CAUSE ANALYSIS AND  
QUALITY  
RECOMMENDATION  
DEVELOPMENT



IMPORTANCE OF  
RECOMMENDATION  
COLLABORATION

# Reporting Performance Audit Results



Why is this SO hard – Writing Quality and Timely Audit Reports



How to Tell An Intriguing Story About Medicaid Eligibility Determination



A Quick Primer on Writing Techniques and Key Audit Report Elements



The False Choice – Long Versus Short Audit Reports

# Top 5 Ways to Write for Impact

Write

Write for the busy reader

Consider

Consider reader expectations

Write

Write deductively

Tell

Tell a story

Use

Use layers for multiple audiences

## Executive Summary

### Why This Audit is Important

» The Department of Human Services (DHS) and Oregon Health Authority (OHA) operate multiple federally funded public assistance programs that serve over 1 million Oregonians.

» Oregon spends about half of the state's budget on Health and Human Services programs, about \$13 billion annually.

» Savings from reducing improper payments can increase resources available to serve those in need.

» Congress and the Office of Management and Budget have made reducing improper payments a strategic goal.

» The Improper Payments Elimination and Recovery Improvement Act of 2012 created a new federal program, Do Not Pay, in the U.S. Treasury. Do Not Pay is available for free to any government agency administering a federally funded program.

» Improper payments cost taxpayers nationwide an estimated \$141 billion across 90 federal programs in 2017.

### Department of Human Services and Oregon Health Authority Using the U.S. Treasury's Do Not Pay System for Health and Human Services Programs Will Save Taxpayers Money

The Oregon Audits Division was the first state audit organization in the nation to be granted access to the U.S. Treasury's Do Not Pay System. The system is designed to help identify, prevent, and inform government programs on the potential to recover improper payments in federally funded, state-administered health and human services programs.

#### What We Found

1. By using Do Not Pay to identify ineligible recipients, over \$790,000 in recovery and cost avoidance was identified, generating a return on investment of about \$286 in savings for every \$1 spent. (pg. 6)
2. Do Not Pay's data analytics can provide assurance that processes are working effectively, as well as help improve existing processes by identifying data quality issues, compliance issues, and gaps in internal controls. (pg. 9)
  - a. Do Not Pay can help identify data quality issues.
  - b. OHA was not in full compliance with Medicaid provider screening requirements.
  - c. Data analytics identified a weakness in internal controls. These weaknesses allowed payments for public assistance to be issued on behalf of deceased and ineligible individuals.

#### What We Recommend

DHS and OHA should work with the U.S. Treasury to obtain access to Do Not Pay's worker portal and establish recurring data matches against Do Not Pay data sources. They should establish joint policies and procedures for using Do Not Pay, verify data matches through Requests for Information if other sources are unavailable, and work with authorities to correct erroneous reports of death. Lastly, they should work with Do Not Pay to establish data quality checks of critical information systems.

Both agencies agreed with all of our recommendations. Their response can be found at the end of the report.

*The Oregon Secretary of State Audits Division is an independent, nonpartisan organization that conducts audits based on objective, reliable information to help state government operate more efficiently and effectively. The summary above should be considered in connection with a careful review of the full report.*

# Performance Audit Reports



Looking towards  
the future



The dying age of  
written documents



Evolving reporting  
practices

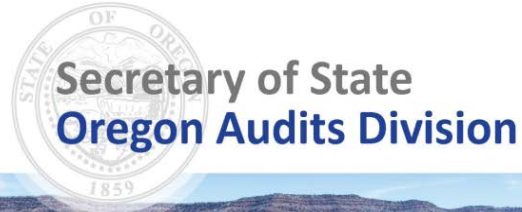


Social media  
opportunities and  
risks



Innovative  
Reporting Practices

# A Story of Audit Impact: The Use of Art and Science to Audit Medicaid



Oregon Health Authority  
**Recommendation Follow-up Report:  
Oregon Health Authority Should Improve Efforts to  
Detect and Prevent Improper Medicaid Payments**

March 2019  
Report 2019-13

This is what it  
feels like to  
audit Medicaid.



# Oregon Spends One-third of the State Budget on Medicaid



↑  
Medicaid (35%)



↑  
Human Services (12%)



↑  
Education (21%)



↑  
Public Safety (6%)



↑  
Transportation (6%)  
↑  
Other (20%)



# New Systems, New Challenges

Cover Oregon: \$248 million state exchange to be jettisoned in favor of federal system



At least the \$9.9 million ad campaign was catchy ;)

# Audit Objective

- Determine if the Oregon Health Authority could improve processes to prevent, detect, and recover improper Medicaid payments





# Commonwealth of Massachusetts

## Office of the State Auditor

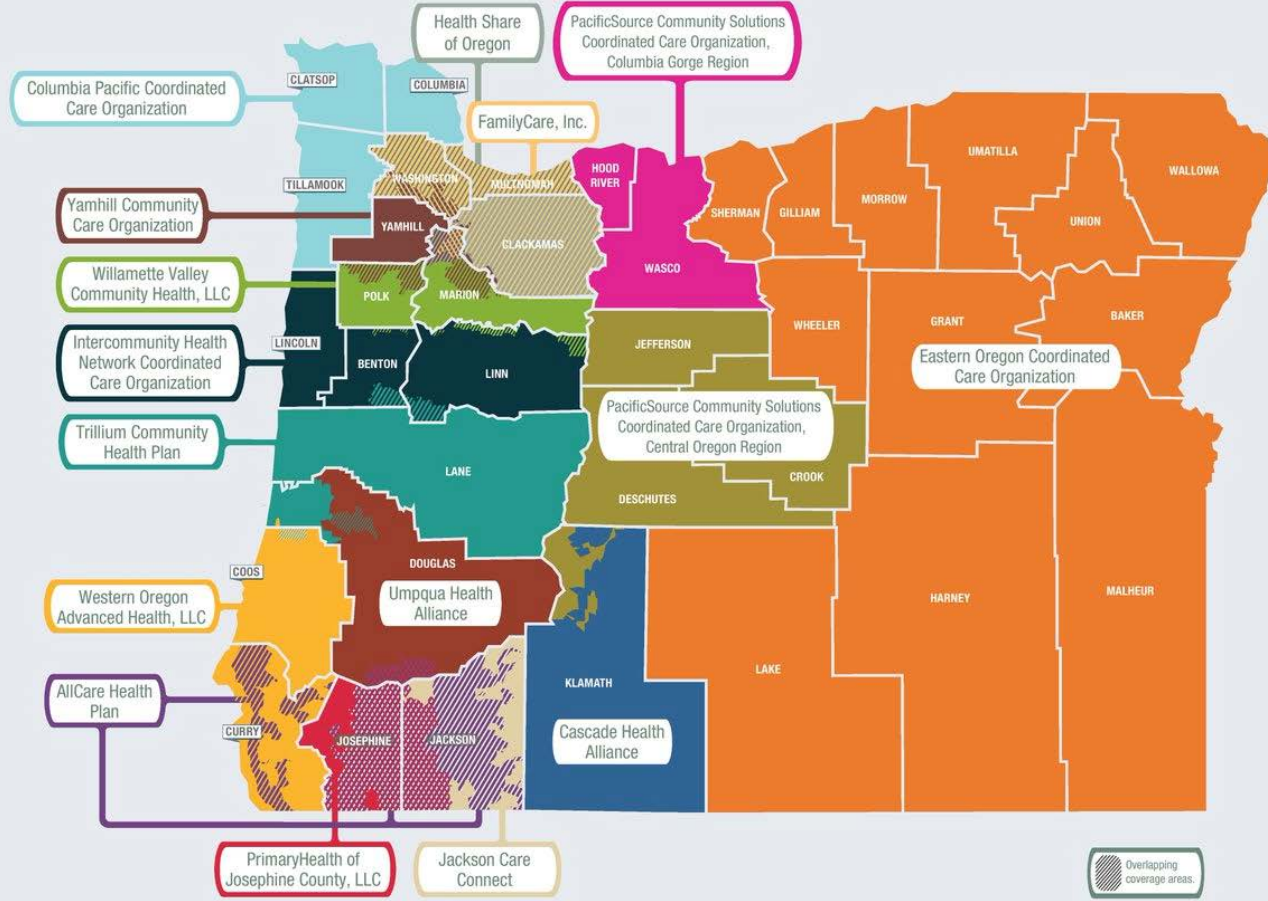
### Suzanne M. Bump

*Making government work better*

Inspired by  
Massachusetts

- Dedicated team of analytics super users to analyze Medicaid claims
- Found hundreds of millions in question costs

# Coordinated Care Organization Service Areas

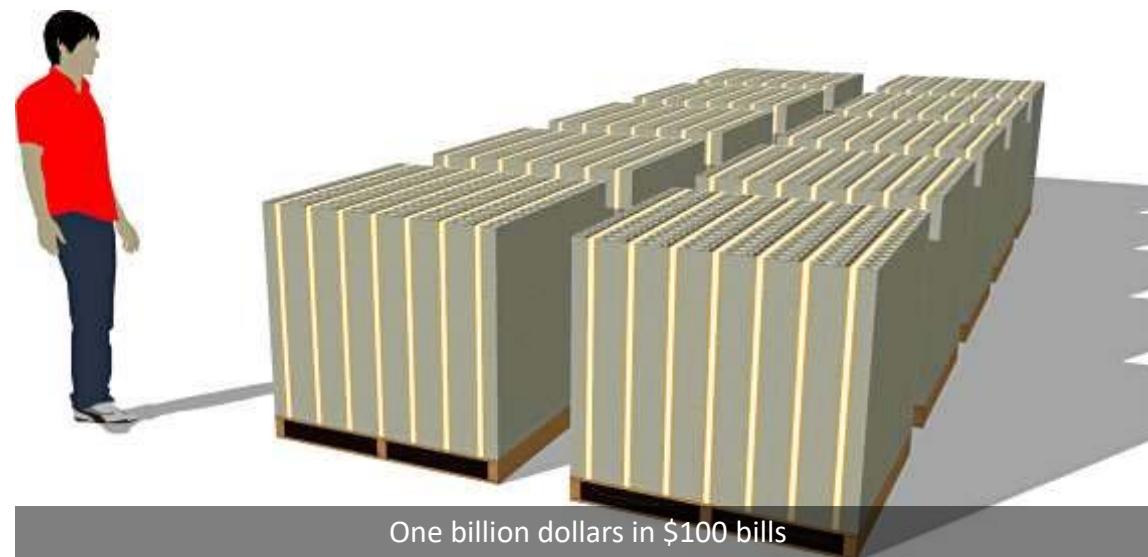


What we did

# Big Money Big Data



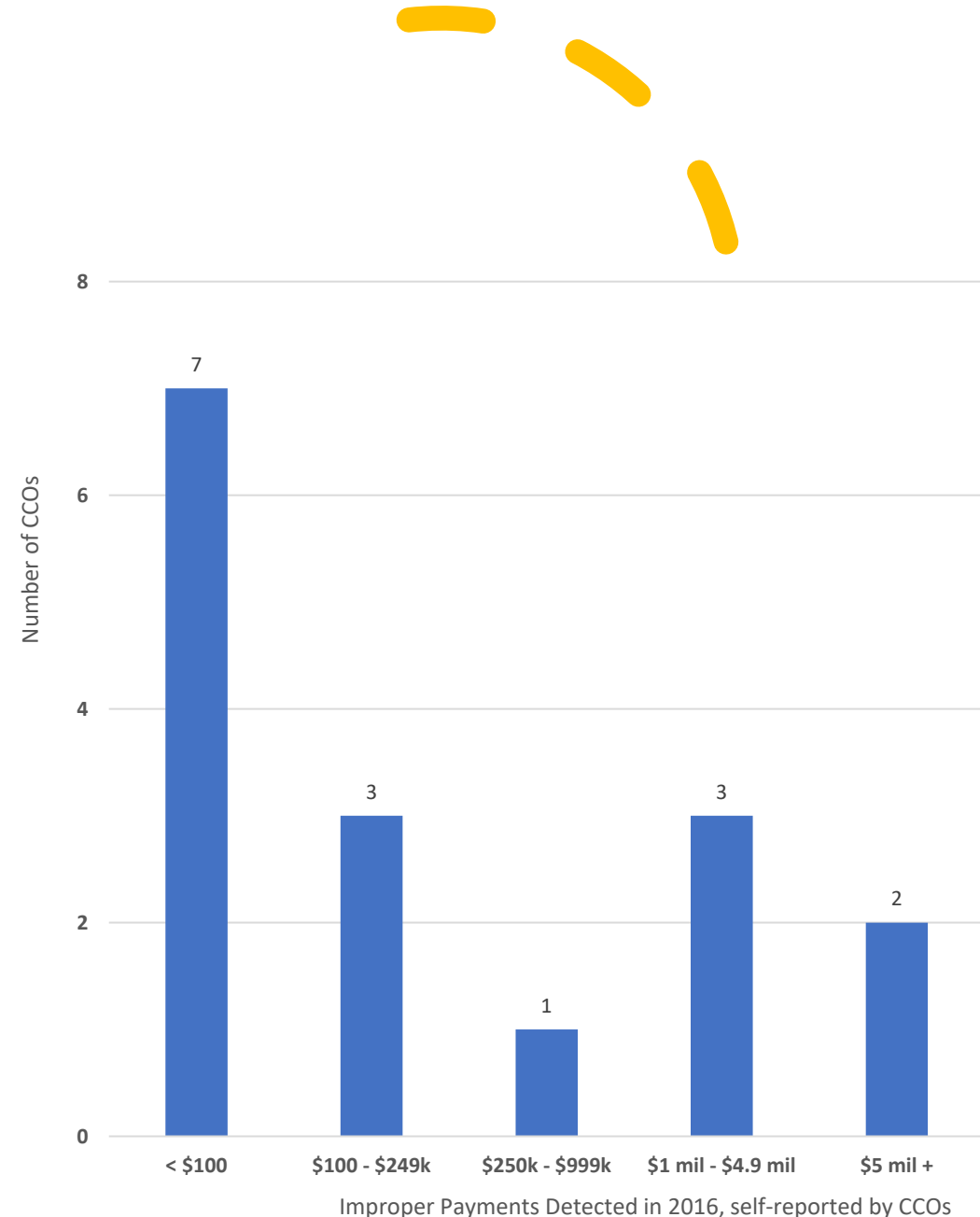
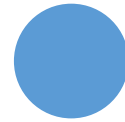
200,000 Sheets of paper



One billion dollars in \$100 bills

# Key Findings

- Questionable payments FFS/CCO
- Gaps in controls to prevent improper payments
- No proactive detection of improper payments in managed care

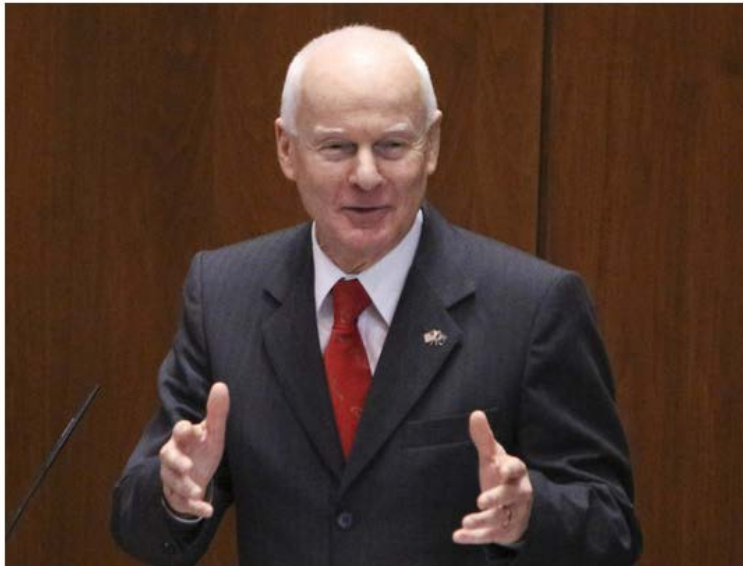


# Auditor Alert

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## Secretary of State: Oregon could be wasting millions by keeping ineligible people on Medicaid

Updated on May 17, 2017 at 6:09 PM Posted on May 17, 2017 at 7:48 AM



## Oregon removes nearly 55,000 people from Medicaid after they failed eligibility checks

375

Updated on September 1, 2017 at 9:18 AM, Posted on August 31, 2017 at 6:43 PM



# Oregon Medicaid Audit & Auditor Alert



**NSAA 2018**

**AWARD FOR EXCELLENCE**

Special Project Award

# Communicating Performance Audit Results

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## Communication Forums



## Traditional

Audit committee meetings  
Meetings with elected officials  
Meetings with management and internal staff  
Website

# Communicating Performance Audit Results

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## Communication Forums



## Non-Traditional

Media (Denver and Oregon reports above the fold front page on Denver Post)

Community meetings

Social Media

Evolving from written reports to digital presentations



## A Tale of Audit Impact

## Poll Question #4

Which of the following would you prefer to be doing right now?

- A. Listening to your favorite musician
- B. Eating your favorite dessert
- C. Taking a nap (if you are already doing this, please vote for another category)
- D. Dancing or fishing
- E. Continuing to pay close attention to the instructor and wishing there was another four hours of audit instruction to go

## Taking Audits On the road

- Portland Public School Audit – Portland Public Schools failing students of color, carelessly monitors spending, state audit finds - The audit shows PPS has a 53-percent achievement gap between its white and African American students
- Black Lives Matter Portland HQ Audit Release Press Conference
- Rosa Parks Elementary Community Meeting
- Graduation Rates Public Meetings
- Foster Care Funder Raiser and Recognition Events
- Department of Environmental Quality and Department of Education Town Halls - Lessons Learned

# Preventing the Milk From Spilling: The Value Impact Proposition of Real Time Auditing

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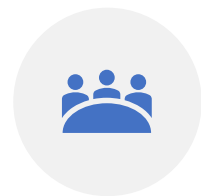
What Exactly is Real-time Performance Auditing?



Private Sector and Internal Audit Models



Government Auditing Standards – Prospective Auditing



23<sup>rd</sup> Intergovernmental Audit Forum



Key Value Propositions – Case Examples

## Denver City Auditor Real Time Audit of American Recovery and Reinvestment Act (ARRA)

- Great Recession - President Obama Signed ARRA in Denver
- Assigned Audit Team at Day Act Signed
- Real-Time Audit Strategy
- Initial Pushback
- Interim Reporting - Real-Time Corrections
- Assurance and Transparency
- GAO Congressional Testimony – Denver Best Practice

## AUDIT ALERT: American Recovery and Reinvestment Act Readiness & Governance

October 7, 2009

### Summary

The City and County of Denver's Office of the Auditor has assessed the City's readiness to receive and expend American Recovery and Reinvestment Act (ARRA) funding. We reviewed the Recovery Act's transparency and accountability requirements, general provisions, and the City's proposed internal controls to comply with those requirements.

As a result of our preliminary review, we developed recommended actions to assist the City in monitoring ARRA funding. City agencies should designate specific personnel responsible for reporting, ensure they receive proper training, and that documented procedures are in place in order to comply with Federal reporting guidance. Also, the ARRA Management Group should make certain the City's stimulus website contains accurate ARRA information and is easily accessible for the public.

The Auditor's Office will continue to monitor the City's progress and as programs are funded, we will perform audits of the City's compliance with Recovery Act requirements. In addition, the Auditor's Office is currently conducting an audit examining the City's Grant Process, which will assess specific performance measures for the entire process.

### Overview

The City and County of Denver's Office of the Auditor has assessed the City's readiness to receive and expend American Recovery and Reinvestment Act (ARRA) funding.<sup>1</sup> We also evaluated ARRA governance requirements.

Colorado is one of 16 states where the United States Government Accountability Office (GAO) will conduct ARRA audits. Monies received by these 16 states represent about two-thirds of the total amount of federal assistance available. Due to this additional scrutiny and the increased public exposure risks involved with ARRA funding, the Auditor's Office

Office of the Auditor  
Audit Services Division  
City and County of Denver



Dennis J. Gallagher  
Auditor

<sup>1</sup> American Recovery and Reinvestment Act of 2009, Public Law 111-5, 111th Cong., 17 February 2009 [hereinafter ARRA].

# Oregon Secretary of State State Real-Time Audits

- SOS Audits Division Overview
- Real-Time Pitch
- Oregon Transportation Investment Act
- Oregon State Police SAFE Kit Processing
- Oregon Human Services Integrated Eligibility System
- Oregon Student Success Act
- COVID-19 Relief Funds - CARES Act
- Law Enforcement Use of Force



## Secretary of State Oregon Audits Division



Oregon State Police  
**Recommendation Follow-up Report:  
Forensic Division Has Taken Appropriate Steps to  
Address Oregon's Sexual Assault Kit Testing Backlog**

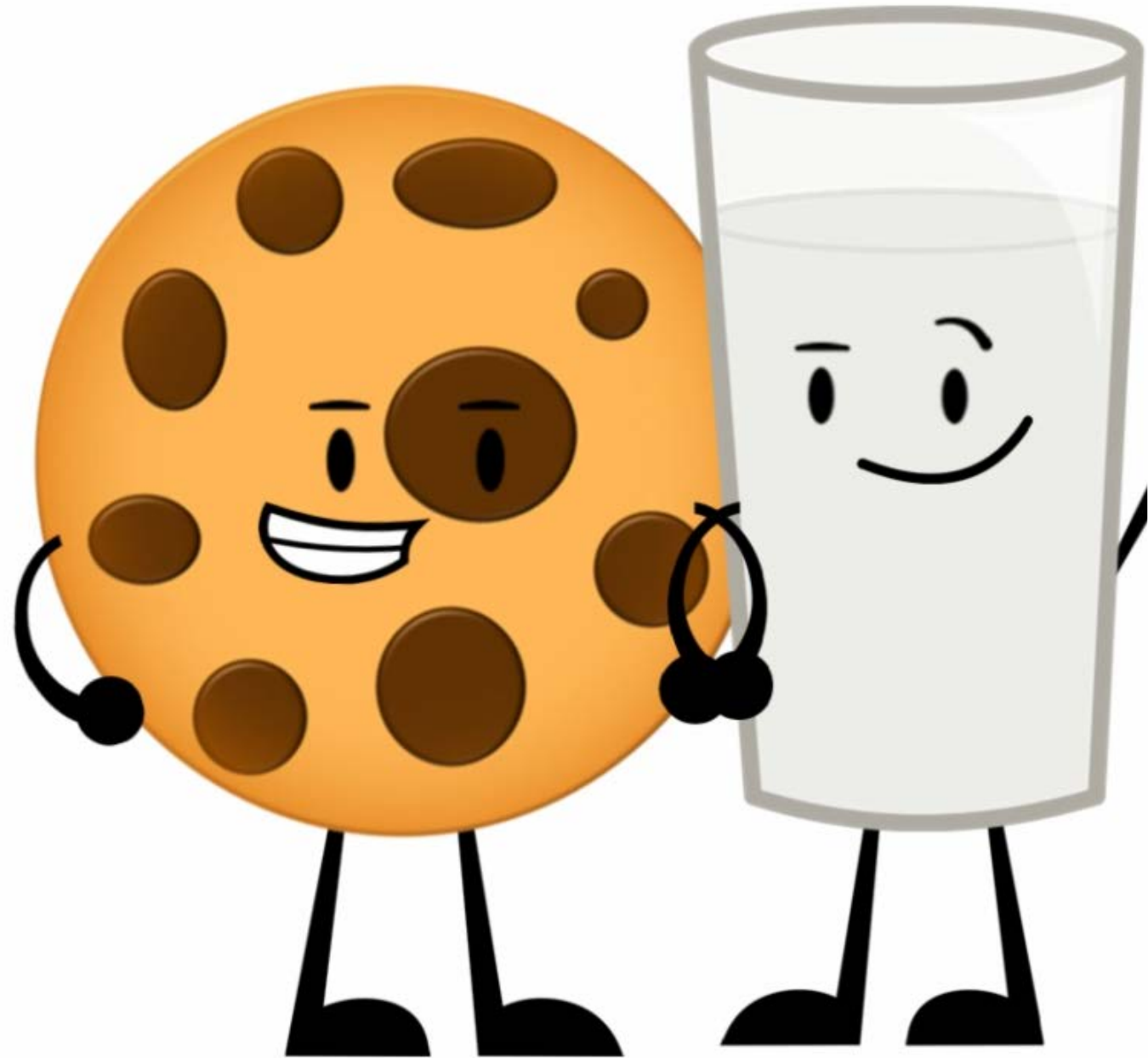
April 2019  
Report 2019-16

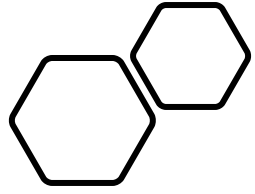
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## Key Takeaways and Considerations

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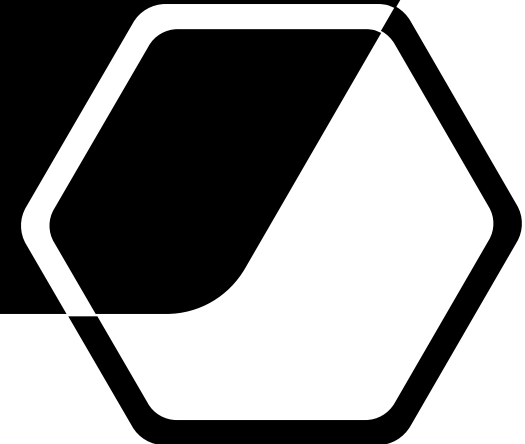
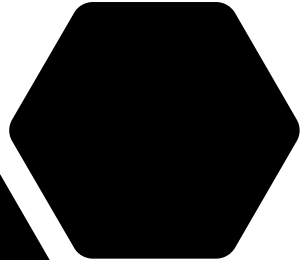
- Refined and Clear strategy
- Criticality of Communication
- Effective Risk Assessment
- Creative Reporting
- Assurance Focused
- Increased Audit Risk
- Dare to Take the Dive





# Ensuring Impact Through Follow-Up

- No Follow-Up; No Genuine Impact
- Audit Follow-Up Defined - Standards
- Why Do Auditors Hate To Conduct Follow-Up?
- Audit Follow Up Techniques and Quality Assurance Ideas
- Formal Reporting and Measurement
- Follow-Up Curve Balls - Evolution



# Ensuring Impact Through Follow-Up

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## Robust Audit Follow-up Program

- Essential for measuring impact
- Denver and Oregon approaches
- Formal responses required by law
- Use of templates; automated system
- Formal close out and reporting
- Open risks for audit plan consideration



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Certified Government Auditing Professional  
Certification in Control Self-Assessment  
Certification in Risk Management Assurance  
President and Chief Executive Officer  
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October 8, 2018

The Honorable Kate Brown  
Office of the Governor  
900 Court Street NE, Suite 254  
Salem, OR 97301

RE: Secretary of State Oregon Audits Division Report, *"Opportunities Exist to Increase the Impact of State Agency Internal Audit Functions"* (Report 2018-25)

Dear Governor Brown:

The Institute of Internal Auditors (IIA) has carefully reviewed the above referenced report including the 16 recommendations provided to the Department of Administrative Services (DAS). As noted in the Report, these recommendations are intended to enhance the value and impact of state agency internal audit functions. By implementing all of these recommendations, the state agency internal audit functions will be able to better manage risk and improve performance which will ultimately provide the best possible service to the citizens of Oregon.

The IIA is the global voice, acknowledged leader, principal educator, and recognized authority of the internal audit profession and maintains the International Professional Practice Framework (IPPF). The IPPF includes the official Definition of Internal Auditing, the International Standards for the Professional Practice of Internal Auditing (*Standards*), and the Code of Ethics. As a part of the IPPF, the definition of internal auditing states the fundamental purpose, nature, and scope of internal auditing:

***Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management control, and governance processes.***

As noted in the Audit Report, current Oregon law requires agencies that meet specific criteria to maintain internal audit functions. We believe that the State of Oregon should make its state internal audit functions a priority to provide objective insights, improve efficiency of operations, assess controls, evaluate risk and protect assets, and ensure compliance with laws and regulations.

We urge you to ensure that the Department of Administrative Services create the necessary policy and legal requirements to ensure the internal audit

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# Auditor Advocacy

# Effective Auditing: An Impact Report for the Citizenry



Innovative Reporting  
Practices Denver's  
Comprehensive Audit  
Impact Report for the  
Citizenry



it's a wrap

Session Recap

Key Takeaways

Feedback and Follow-Up Welcome

APIPA Members Are Key Stakeholders and  
Colleagues

Thank for Opportunity to Interact and Share  
Ideas

AND...for Your Public Service in a Noble  
Profession

Hope to See You in Person at APIPA 2021