



# APIPA 2020 annual conference

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Developing and Leading High-  
Performance Audit Teams

August 12, 2020



# Overview



Intro



Session Objectives  
and Approach



Discussion and  
Interaction



Case Examples



APIPA Region  
Specific



Breaks

# Existential Questions: Who Am I, Who Are You, Why Are We Here

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 A Personal and Professional Introduction

 I am an Auditor and therefore must qualify

 Teaching Approach and Style

 Staying in Tune: Course Flexibility and Adaptability

 Real Takeaways and Applicability

 Discussion of Differences and Cultural Considerations

 Course Administrative Junk

 Brief Introduction

# Session Objectives

The Unique Auditor  
- Mirror, Mirror

Ideal Auditor  
Attributes

The Concepts of  
Critical Thinking  
and Professional  
Judgment

The Many Faces of  
Audit

Government Audit  
Models

Ponderings About  
Audit Culture

Leading and  
Managing Auditors

Evolving the Olde  
Audit Shoppe -  
Disappointing at  
an Acceptable Rate

Holding  
Accountability  
Professionals  
Accountable

Internal Audit  
Organization  
Communications  
and Teambuilding

Staff Engagement  
and Empowerment

Recruiting and  
Onboarding Audit  
Professionals

Professional  
Development &  
Future Critical Skills

Organizational  
Considerations in  
post-COVID world



## Who Are Auditors

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Born to Audit

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The Unique Auditor - Strengths and Weaknesses

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Ideal Auditor Attributes and Skills

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GAGAS Says...

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The Criticality of the Concept of Professional Judgment

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Country Cousins - External and Internal Auditors; Financial, Performance, and IT Auditors

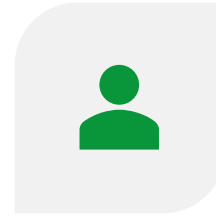
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The Zany World of Elected Auditors - A Look at Audit Models

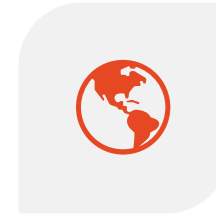
# The Auditor Skill Set



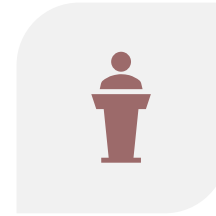
FOUNDATIONAL SKILLS



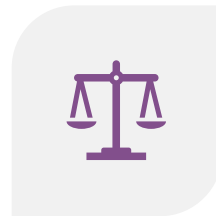
AUDITOR TECHNICAL  
AND SOFT SKILLS



IMPORT OF SELF  
AWARENESS AND  
EMPATHY



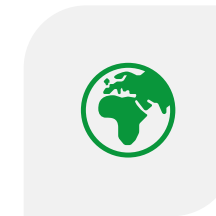
KNOWLEDGE OF  
GOVERNMENT AND  
SENSE OF CIVIC DUTY



GAGAS AND KEY  
CONCEPT OF  
PROFESSIONAL  
JUDGMENT



THE PROMISE OF  
INTEGRATED AUDITING  
AND CONSULTATION



THE MANY WORLDS OF  
AUDIT

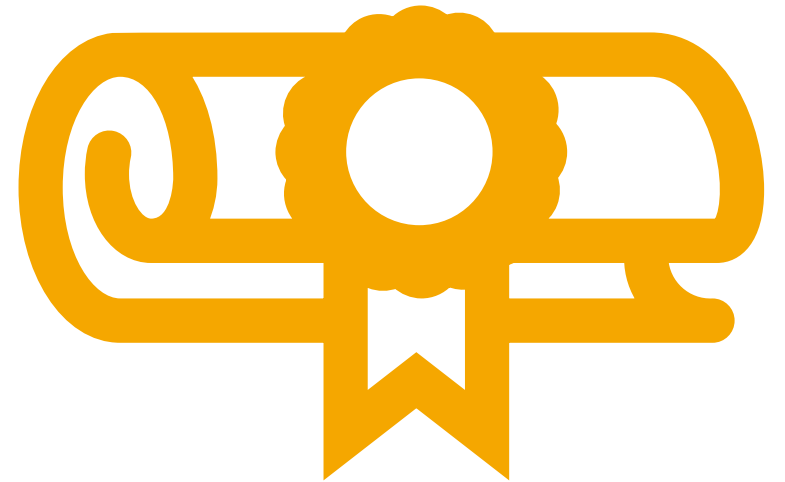


# Poll Question #1

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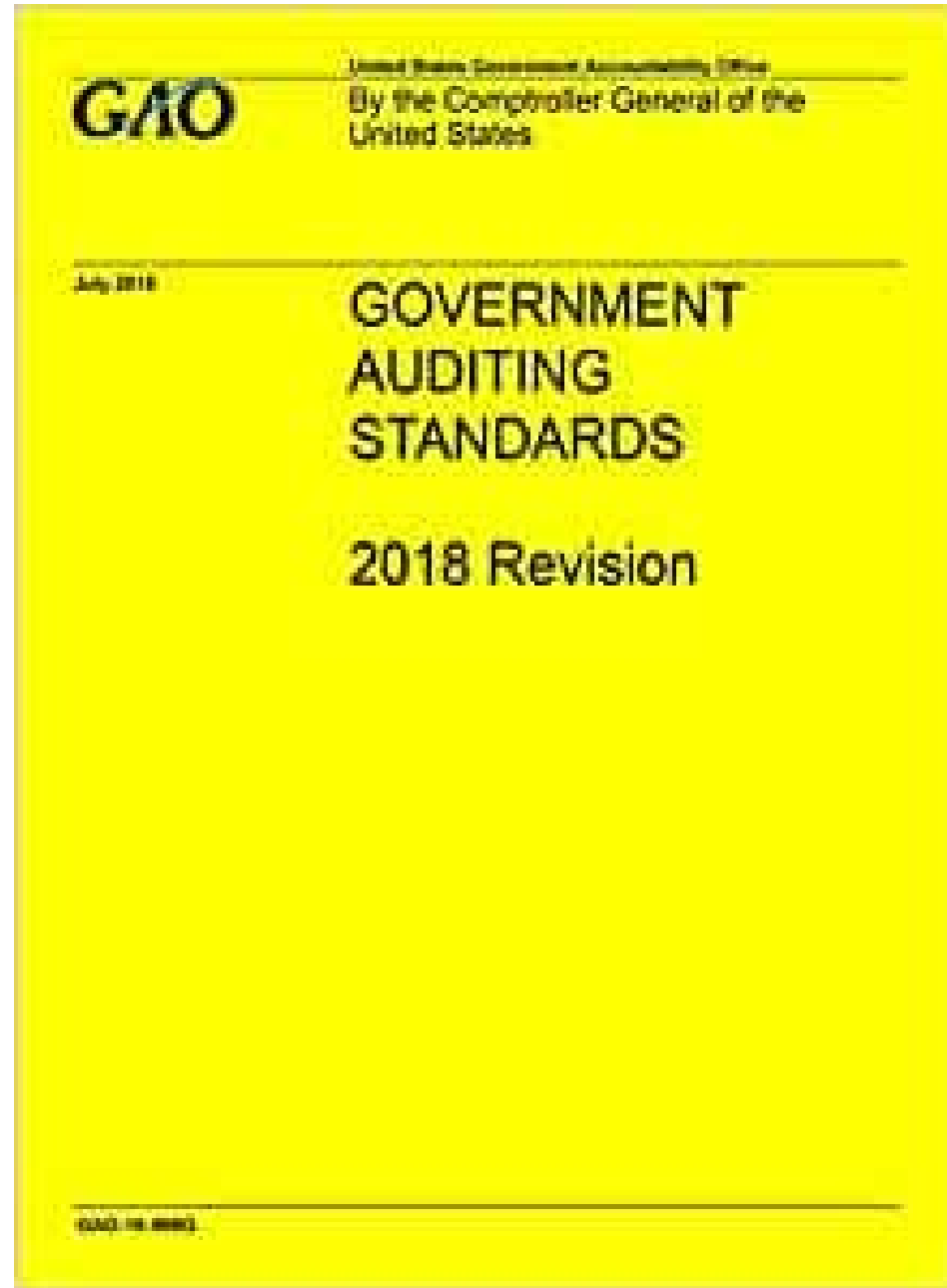
**Which of the following skill set area is most preferable for performance auditors?**

- A. Attainment of a professional certification.
- B. An advanced degree in public administration.
- C. A commitment to public service and civic duty.
- D. Excellent verbal and writing skills.
- E. Advanced critical thinking skills.



# A Deeper Look at the Concept of Auditor Professional Judgment

- GAGAS Definition
- Critical Thinking
- The Flow of Reasoning
- Professional Judgment Defined
- The Power of the Audit Nose



# The Future of Integrated Auditing

**Country Cousins - Financial, Performance, and IT Auditors**

**Skills Set Differences and Similarities**

**Eliminating Cones of Silence Within Audit Organizations**

**Integrated Auditing Case Examples - Arizona Lottery, Oregon IT Procurement, ARRA/CARES Act**

**Collaboration with Peer Auditors and Other Oversight Agencies**

**Case Examples - Affordable Housing, SNAP Fraud, Opioid Abuse**

# Audit Models



**Audit organization  
authority and  
structure impacts  
strategy**



**GAGAS  
independence  
standards**



**Elected Auditors**



**Case Examples**

US Government  
Accountability Office and  
Arizona Auditor General

County of San Diego  
Auditor and Controller  
City of Denver Auditor and  
and Oregon Secretary of  
State

APIPA Models - Differences



**Internal Versus  
External Auditors -  
SOS Case Study**

# The Story of an Audit of State Internal Audit Functions



# Internal vs. External Auditing

Internal Auditors	External Auditors
Employees of the organization being audited	Employees of an outside organization
Independent from activities they audit	Independent from the organizations they audit
Primary customers: agency management and governing boards	Primary customers: elected officials, public, audited agencies
Usually responsible for auditing one organization/agency	Responsible for auditing multiple organizations/agencies
Provide ongoing monitoring	Provide intermittent audits



# Professional Auditing Standards



# How we conducted the audit



**Interviews** with internal auditors and audit stakeholders



**Surveys** of internal auditors, agency directors, and agency audit committee chairs



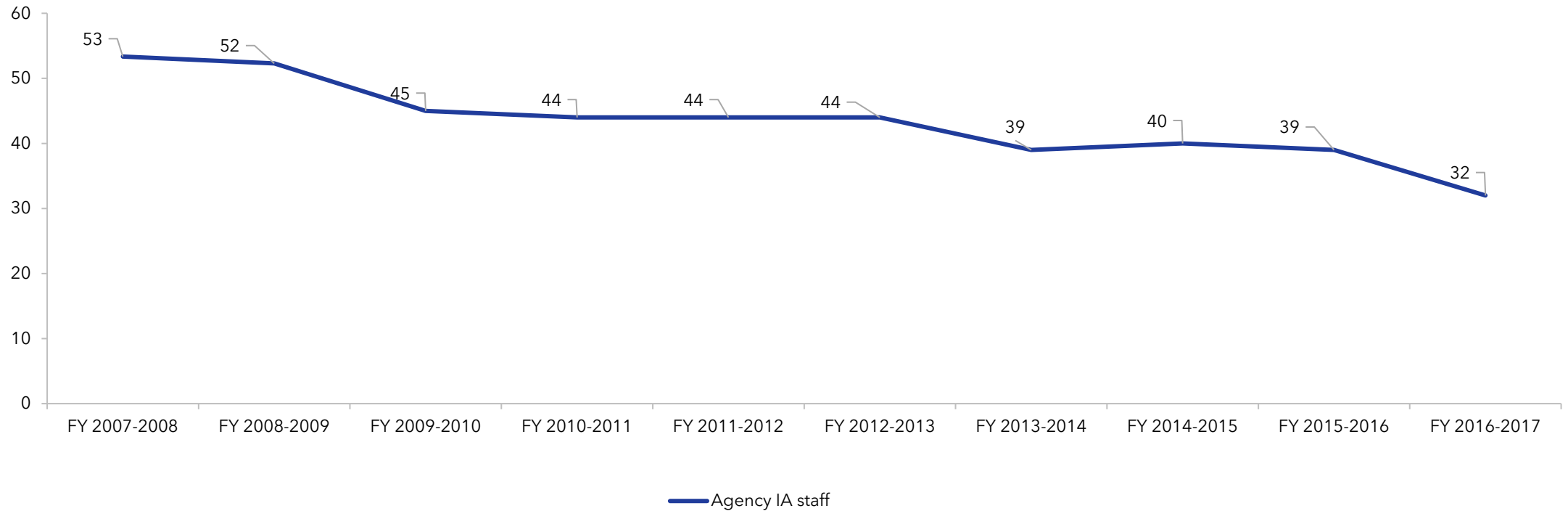
Review of Oregon **state laws, administrative rules**



Review of **agency internal audit documents**



Research internal audit **practices in other states**



Internal Auditing has been persistently undervalued and neglected

- Deficiencies from 1996 Audit continue to today
- Staffing and vacancy challenges
- Most internal auditors lack a “Seat at the table”
- Agency Directors are unaware of key elements of their internal audit operations

# Promising practices from other states

Other states offer models for coordinating internal auditing in the areas of:

- Training
- Audit tools, templates, and resources
- Policies for minimum staffing
- Performance metrics
- Annual Reporting
- Managing internal audit contracts



# Key Findings

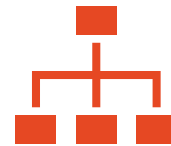
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Internal auditing has not been a priority in Oregon state agencies



Internal audit functions face threats to independence



DAS lacks a strategy to coordinate internal audit functions, and coordination efforts have significantly decreased over time



Internal auditors in the state are generally highly experienced and qualified

# Auditor Advocacy



**Richard F. Chambers**  
Certified Internal Auditor  
Qualification in Internal Audit Leadership  
Certified Government Auditing Professional  
Certification in Control Self-Assessment  
Certification in Risk Management Assurance  
*President and Chief Executive Officer*  
T: +1-407-937-1200  
E-mail: richard.f.chambers@theiia.org

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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## Poll Question #2

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I love all the colorful professional audit guidance but my favorite audit guidance sources is:

- A. The Yellow Book
- B. The Red Book
- C. The Green Book
- D. My Office's Audit Manual
- E. Aesop's Fables





## Leading, Managing, and Engaging Auditors

Audit Culture and Auditing Culture

Under Audit - Audit Management Awareness

Oh the Irony - Enacting Effective Audit Organizational Change

An Odyssey of Change - Three Change Management Case Examples

The Art of Feedback and Performance Evaluations

Audit Organization Communications and Team Building

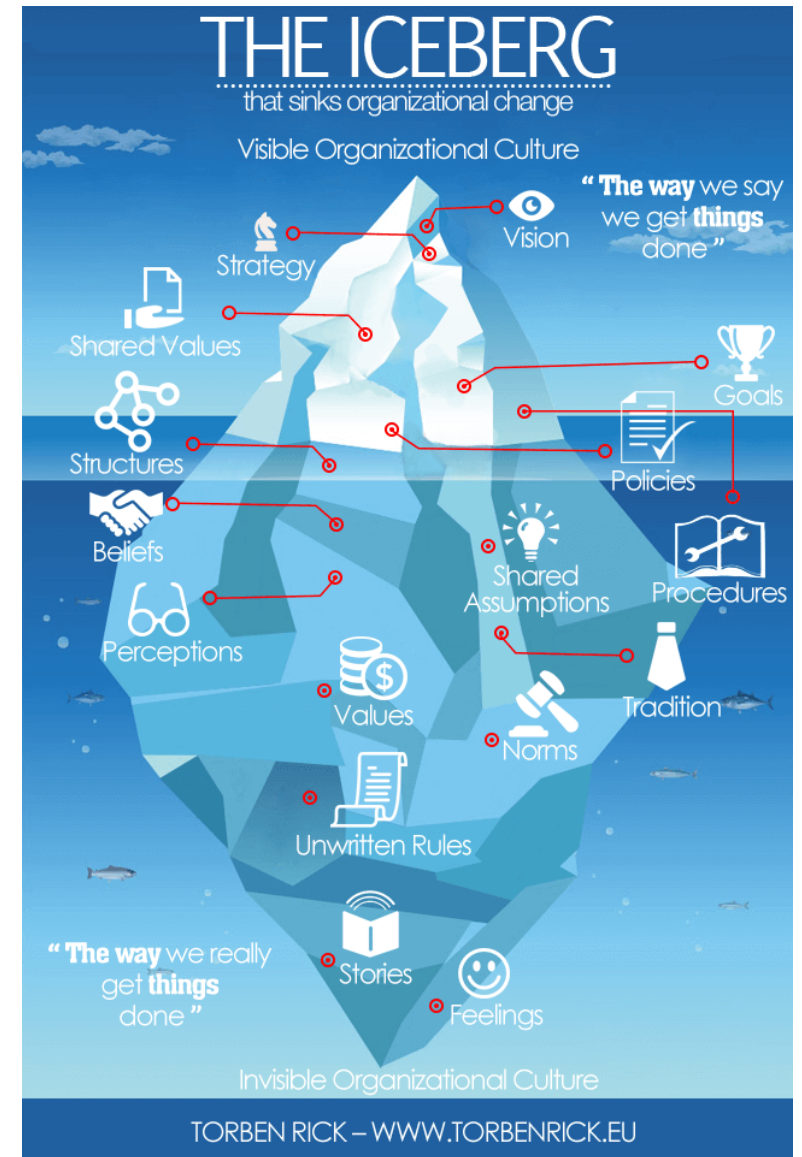


# Auditing Organizational Culture

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# What is organizational culture?

- Culture: Basic assumptions and beliefs that are shared by members of an organization
  - Shapes how employees interact with each other and how they achieve agency's mission and objective
  - Research has shown culture can affect performance
- Significant root cause for systemic performance issues in an organization
  - Tone at the Top is a core audit finding root cause
  - Tone at the Middle is also critical but even more nebulous
- How do you audit this real but nebulous area and what do recommendations look like?
  - Challenge of auditing "human nature," leadership, management and peer-to-peer soft skill sets



# Why does organizational culture matter?

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Culture can keep organizations mired in their old ways or propel them to new levels of performance



Culture influences employee recruitment, engagement, and retention

Research indicates 41% of candidates search for information about a organization's culture before they apply



A survey by Deloitte found 95% of employees say culture is more important than compensation



Work organizational cultures have a greater societal impact than just what happens within the building walls during the work week

# Case study: Auditing the Department of Revenue



**City and County of Denver Jail Operations Audit Experience - Initial foray into cultural auditing (2015)**



**Oregon Audits Division State Foster Care System Performance Audit**



**Legislature requested the Oregon Audits Division to audit culture at the Oregon Department of Revenue**



**Released our performance audit January 2019**



***Our objective: To determine whether current organizational culture at DOR is consistent with management's and staff's preferred state, and whether addressing the cultural inconsistencies could help address organizational performance.***

Rumors of abysmal customer service and a dysfunctional work culture  
Import of nuance of terminology

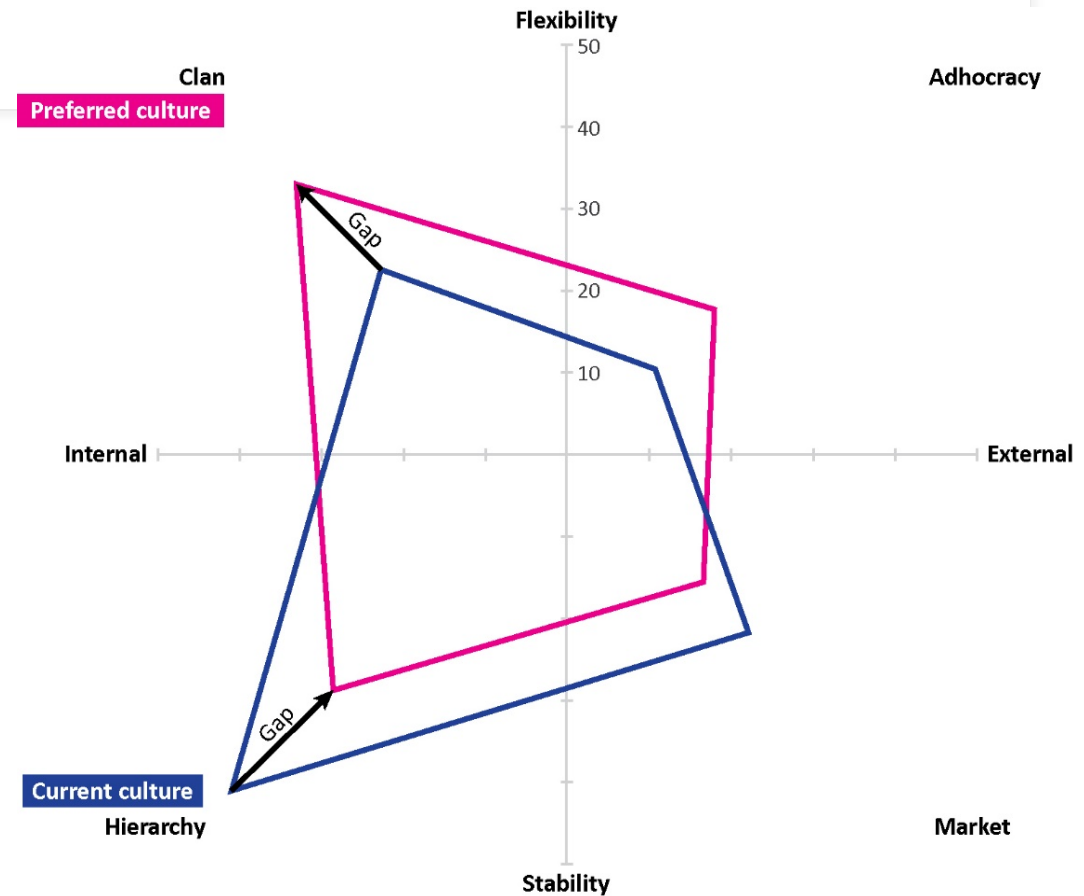
"Enhancing Organizational Culture and Addressing Customer Service Challenges Will Optimize Agency Performance"

# Methodology: Organizational Culture Assessment Instrument

- Instrument (OCAI) is a validated research method to assess organizational culture
- Developed by Kim Cameron and Robert Quinn, professors at the Ross School of Business at the University of Michigan
- Tool determines an organization's present (existing) culture and the preferred culture
- The larger the gap between the two cultures, the more an organization will struggle in its performance
- Limitation considerations
- COSO Cube supplemental analysis
- Focus group methodology utilized to buttress and flesh out OCAI results

# What we found

- There was a significant gap between the current culture and the preferred culture
- There was agreement among staff, management, and leadership about the cultural state of the organization
- Knowing the agency's preferred culture allowed us to identify specific areas for improvement



# Identified negative cultural area root causes



- Internal communication was unclear about the agency's direction and vision
- The agency lacked a comprehensive accountability framework for its staff and management
- Workplace relationships between employees represented by a labor union and management were strained at best
- The existing feedback mechanism was broken, leading employees to feel undervalued
- Changes in agency executive leadership an inherent and chronic public sector root cause challenge

# What we recommended

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Challenge of developing tangible and measurable recommendations – 2019 SOS Foster Care audit follow



Determine and implement an appropriate level of internal communications to provide employees a sense of the agency's purpose and goals



Implement an effective accountability framework to set clear and measurable expectations



Complete the current feedback system by including a mechanism to inform staff of the status and outcome of ideas



Work with other entities to clarify the roles of those involved to strengthen the labor/management relationship

# Enculturating key takeaways

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Strategy and  
Purposes for  
Auditing Culture

Scope, Objectives,  
and Methodology  
Considerations

Risks and  
Limitations

Navigating  
Expectations

Evolution of  
Auditing Culture

Opportunity for  
Multi-Disciplinary  
Collaboration

Power of Continual  
Learning and  
Professional  
Networking

Take the Plunge

One more  
slide on  
audit  
culture

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Audit Organizational Considerations in  
post-COVID world

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Continuous Improvement and Change  
Management

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Disappointing at an Acceptable Rate


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Internal Audit Organization  
Communications and Team Building

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Auditor Engagement – Risk Assessment,  
Audit Process, Reporting

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# Disappointing at An Acceptable Rate



Audit Management Awareness



Import of Situational Leadership and  
Communication



Under Audit - The Uniqueness of Leading  
Audit Professionals



Affecting Positive Change Management and  
Continuous Improvement



Burns but No Torches - A Tale of Three Audit  
Shops

# Pushing Forward - Audit Organizational Change Case Studies

## Surfing

Surfing a New Audit Wave - Taking the County of San Diego, California's Internal Audit Function From Irrelevancy to Respect

## Soaring

Meeting the Mile High City's Potential - The Overhaul of the City and County of Denver, Colorado Elected Auditor Function

## Tuning

Tuning the Ferrari - Current Evolution of the the Oregon Audits Division in a Post COVID-19 World

# Real-Time Feedback and Performance Evaluation

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- Ideas for real-time feedback
- Promoting 360 feedback
- Team building and mentoring meetings
- Organizational Surveys
- Evaluations
- Professional Development Plans





## Effective Audit Organization Communications

- Importance and Challenge of Internal Communications - Frequency, Venue, and Depth
- Importance of Genuity, Empathy, and Accountability
- Fallacy of Shooting for Impossible Goals
- Auditors Always Want To Know - Distinguishing Need to Know Versus Want to Know
- Empowering Organic Communication
- Specific Teambuilding Meetings and Events
- Virtual World Best Practices

# Auditor Empowerment and Recognition



Selling the Audit Mission and Career Path



Performance Feedback and Evaluation



Empowerment, Trust, and Accountability



Professional Organizations - Networking



Meet the People



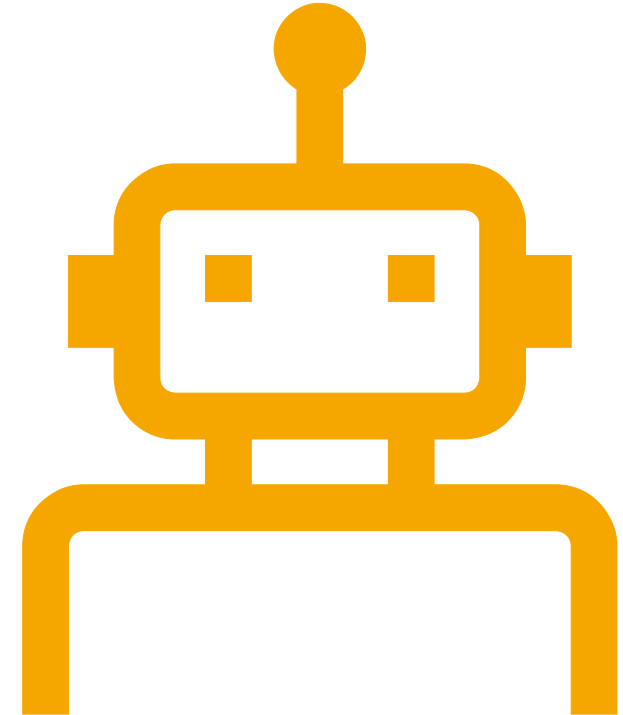
Audits Case Studies



# Auditor Empowerment

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- One Auditor Can Change the World
- The SNAP Case Study
- The Power of Data Analytics
- Collaborative Work with US Treasury - No Not Pay ROI



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# Poll Question #3

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## **The Favorite Part of My Audit Career is:**

- A. Public Service
- B. Working with Other Audit Professionals
- C. Designing and Executing Audit Methods
- D. My Paycheck and Vacation Leave
- E. Sitting in Really Boring Four-Hour Virtual Audit Trainings



# An Analytical Tale



SOS SNAP  
Advisory Report



Power of Data  
Analytics



Power of Auditor  
Intuition



Power of Employee  
Empowerment



Power of Flexibility



Collaboration

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# Fraud scheme



## Results to date

4 Merchants arrested

Over 250 individuals prosecuted

Mexican Drug Cartel

Oregon received \$300,000 grant

Tens of thousands in restitution paid



# Auditor Empowerment = Audit Impact

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- Oregon Collaboration with US Treasury - 89:1 ROI
- Data Analytics Work on Oregon's Prescription Drug Monitoring Program
  - Collaboration with US Attorney
  - Veterinary Board - FBI National Best Practice
- Oregon Bottle Bill - Possible Revenue Enhancement Opportunity
- Award Winning Audit of Oregon's Foster Care Audit



Secretary of State  
Oregon Audits Division

# 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

## 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



# Recruiting and On-Boarding Auditors

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**Recruiting Ideas  
and Lessons  
Learned**



**Traditional  
Approaches and  
Emergent Trends**



**APIPA Specific  
Considerations**



**On-Boarding  
Programs**



**Mentoring and  
Audit Buddies**



**Real-Time  
Exposure -  
Legislative  
Briefings**



## Recruiting Auditors

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- Either an Astronaut, a Doctor, or an Auditor
- Different Faces of Auditor Reprise - Financial, Performance and IT Auditors Recruiting Strategies
- Higher Education - Collaboration and Relationships
- Professional Organizations and the Power of Networks
- Audit Impact and Organizational Reputations
- Auditor Eagle Eye View - the Promise of a Diverse Resume



## Elements of an Effective Auditor On-Boarding Program

- Formal Program - Identified Subject Matter Experts
- Purpose and Strategy of Audit Function
- Characteristics and Expectations of Audit Staff
- Audit Products, Phases, Stakeholders
- Project Management and Key Milestones - No Birthday Audits Story
- Work Exercises - Elements of a Finding
- Agency and Key Stakeholder Communications
- Team Communications
- GAGAS
- Annual Audit Plan Review



# Keeping the Dream Alive

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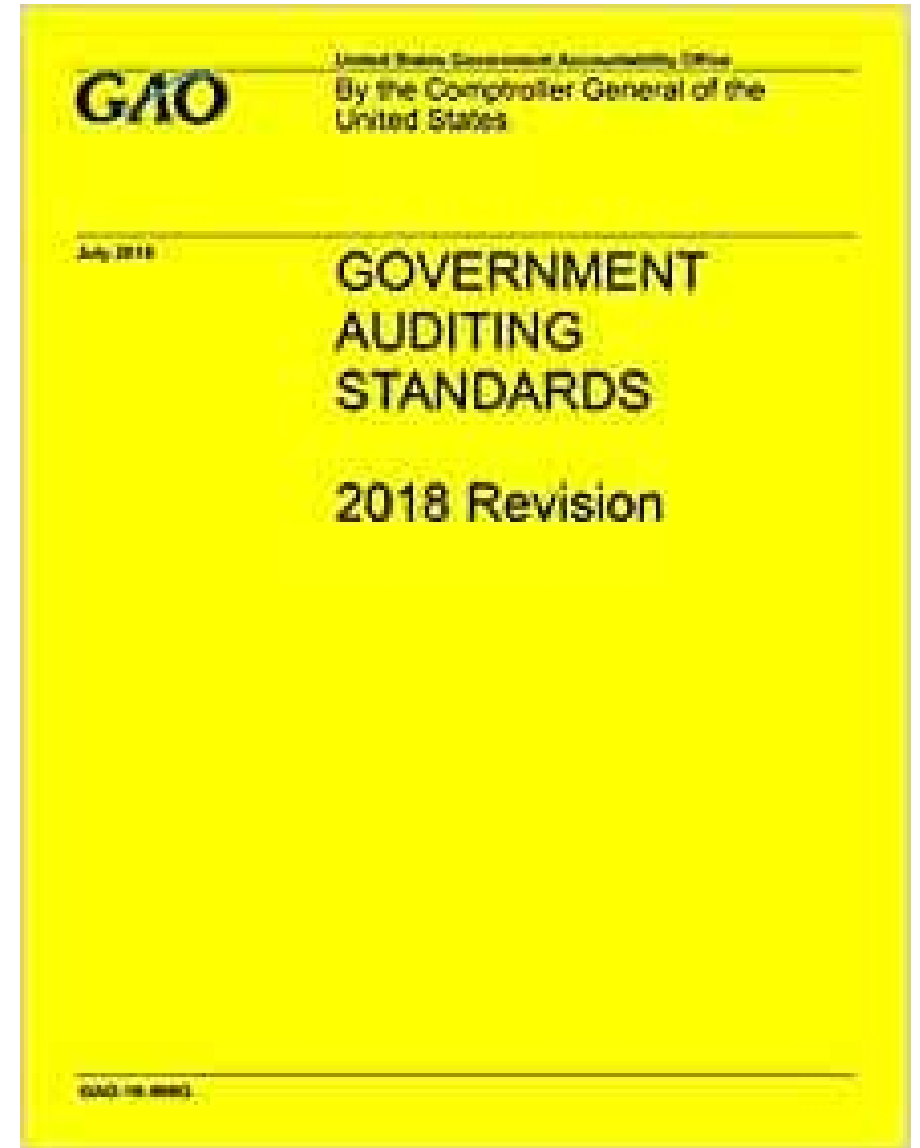
- Auditing is a Lonely Profession
- Cracking the Auditor Code
- Its Always Nice to Have a Friend
- Formal and Informal Mentoring Programs
- Cohort Meetings - COVID-19 Hot Wash Meetings
- Into the Frying Pan - Real-Time, High Profile Exposure

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# Professional Development

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- The Criticality of Education and Professional Development
- GAGAS CPE Requirements
- Power of Professional Networking - APIPA Rules!
- Professional Development in a Post-COVID World
- Emergent Audit Methodologies



# Critical Audit Skills and Professional Development



Foundational Methods



Professional Certifications



Emerging Methods



Data Analytics, Information Technology - Robotic Process Automation



Social Media and Non-Traditional Communication Forums



Public Speaking





# Core Audit Methods

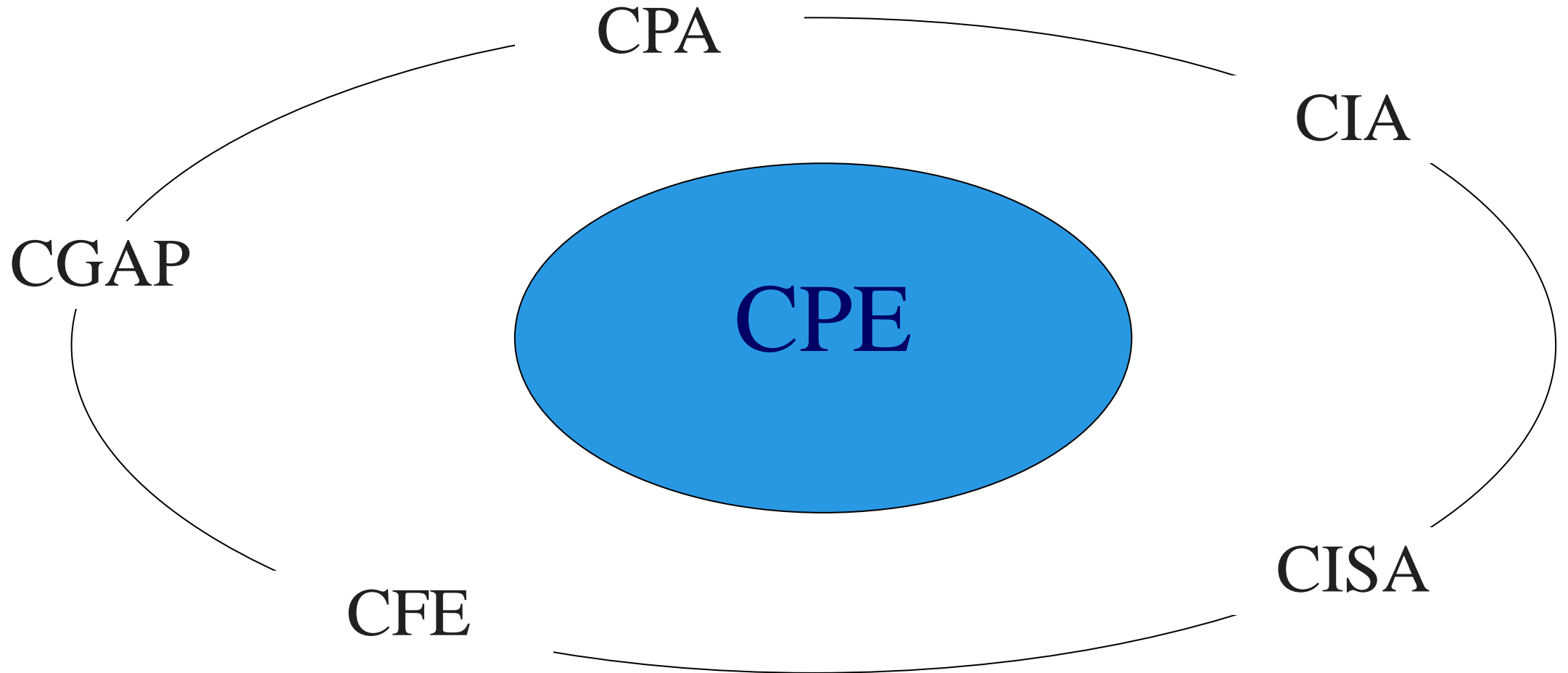
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- Limitations and Barriers
- The Apples to Oranges Paradigm and the Quest for Best Practices
- Cost-Benefit Analysis
- Timing and Relevance
- Stakeholder Communication and Buy-in
- Iterative Methods Assessment and Course Correction



# Certifications Support Auditor Growth and Development

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# Emergent Audit Methods

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Innovative  
Performance Audit  
Methodologies



Real-Time Auditing



Citizen/Client Centric -  
Focus Groups and  
Surveys



Data Analytics



Social Justice AND  
Equity Audits - GIS,  
Data and Trend  
Analysis



Auditing Culture - The  
Ultimate RCA



Interdisciplinary  
Methodological  
Frameworks - IT Audit

## Poll Question #4

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**When determining audit methodologies, the following is the most important consideration:**

- A. Availability of evidence
- B. Auditor competency (ability to perform method)
- C. Impact
- D. Timeliness
- E. Audit risk





“Dude Where’s My Revenue” –  
Auditing Legal Marijuana

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# Auditing Risky Stuff



High Level Overview of Legal Marijuana in the U.S.



Blunt Considerations for Auditing Emergent Public Policy



Auditing Legal Marijuana – Taking a Stroll on Shakedown Street (Objectives and Methods)



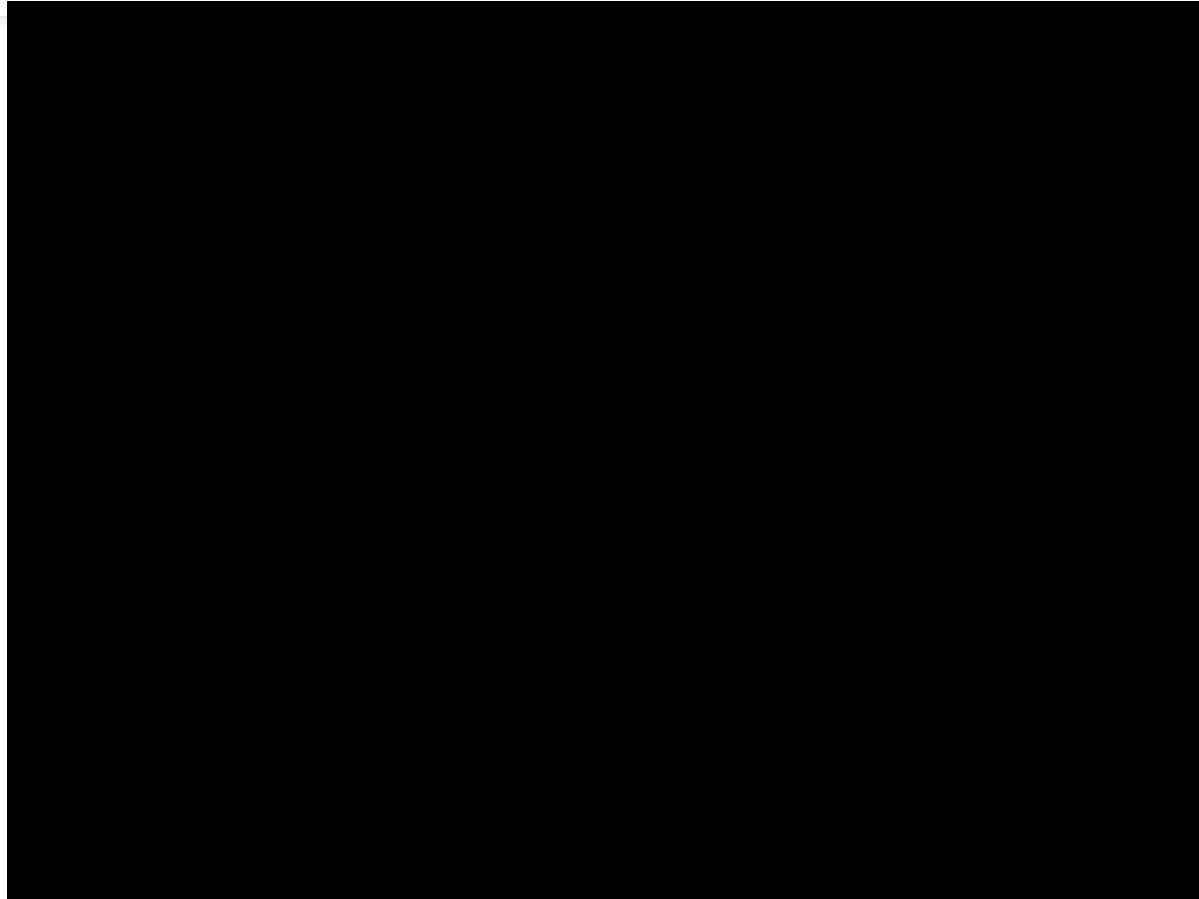
A Long Strange Trip: MJ Audit Case Studies



Wrap Up and Q&A (and time permitting a group drum circle)



# Reefer Madness - Fake News



# Overview of Marijuana in the U.S.

- Emergent Policy - New Regulatory Environment
- 30 states and Washington D.C. allow medical marijuana
- 8 states and Washington D.C. allow recreational marijuana
- California, Massachusetts, Maine and Nevada Most Recent
- Marijuana Tax Revenues
  - National 2017 Forecast - \$1.4B (per Forbes)
  - Colorado Recreational Tax Revenue Since Legal - \$500M
  - Oregon 2017 Recreational Tax Revenue Forecast - \$90M

# Oregon's Marijuana Regulatory Framework

## Marijuana in Oregon: State resources by topic

Types of common questions and suggested state resources to refer to for information.

<p><b>HEALTH</b></p> <ul style="list-style-type: none"> <li>• Product Testing</li> <li>• Concentration Limits</li> <li>• Labeling</li> <li>• Youth Prevention</li> </ul> <p>AGENCY: Oregon Health Authority</p>	<p><b>POSSESSION</b></p> <ul style="list-style-type: none"> <li>• Packaging</li> <li>• What's legal?</li> <li>• Minor in Possession decoy operations</li> </ul> <p>AGENCY: Oregon Liquor Control Commission</p>	<p><b>PUBLIC SAFETY</b></p> <ul style="list-style-type: none"> <li>• Nuisance complaints</li> <li>• DUII / field sobriety tests</li> <li>• Enforcement of unlicensed locations</li> </ul> <p>AGENCY: Local law enforcement and Oregon State Police</p>
<p><b>AGRICULTURE</b></p> <ul style="list-style-type: none"> <li>• Pesticides</li> <li>• Weights and measures</li> <li>• Food safety</li> <li>• Agricultural water quality</li> <li>• Industrial hemp</li> </ul> <p>AGENCY: Oregon Department of Agriculture</p>	<p><b>HAVE A QUESTION?</b></p> 	<p><b>RECREATIONAL MARIJUANA</b></p> <ul style="list-style-type: none"> <li>• Industry licensing</li> <li>• Cannabis Tracking System</li> <li>• Marijuana worker permits</li> <li>• Enforcement of licensed locations</li> </ul> <p>AGENCY: Oregon Liquor Control Commission</p>
<p><b>TAXATION</b></p> <ul style="list-style-type: none"> <li>• Filing tax returns</li> <li>• Tax payment options</li> <li>• Revenue reporting and distributions</li> <li>• State tax deductions</li> <li>• Payroll taxes and employee withholding</li> </ul> <p>AGENCY: Oregon Department of Revenue</p>	<p><b>MEDICAL MARIJUANA</b></p> <ul style="list-style-type: none"> <li>• Medical Marijuana Cardholder Registry (patient, caregiver &amp; grower)</li> <li>• Medical Marijuana Registration (grower, processor, dispensary)</li> <li>• Inventory reporting</li> <li>• Registered locations enforcement</li> </ul> <p>AGENCY: Oregon Health Authority</p>	<p><b>MORE INFORMATION</b></p> <ul style="list-style-type: none"> <li>• <a href="http://whatslegaloregon.com">whatslegaloregon.com</a></li> <li>• <a href="http://marijuana.oregon.gov">marijuana.oregon.gov</a></li> </ul>

**Oregon Liquor Control Commission:**

Regulates the sale of recreational marijuana in Oregon. Works with local law enforcement and State Police to enforce the law.

ph: 503 872 5000  
[marijuana.oregon.gov](http://marijuana.oregon.gov)

**Oregon Health Authority:**

Oversees the medical marijuana cardholder registry for patients and regulates medical marijuana dispensaries, processors and grow sites.

ph: 971 673 1234  
[healthoregon.org/ommp](http://healthoregon.org/ommp)

**Oregon Department of Agriculture:**

Administers many programs that affect agriculture producers and processors. Programs could also affect cannabis production, processing, wholesale, and retail activities.

ph: 503 986 4550  
[bit.do/CannabisODA](http://bit.do/CannabisODA)

**Oregon Department of Revenue:**

Administers Oregon tax laws and collects taxes for more than 30 programs, including the recreational marijuana program.

ph: 503 947 2597  
[oregon.gov/dor/marijuana](http://oregon.gov/dor/marijuana)

# Overview of Marijuana in the U.S.

- Illegal Narcotic under Federal law - Controlled Substances Act
- Cole Memorandum



## The Cole Memorandum

On August 29, 2013, Deputy Attorney General James Cole issued a memorandum to all United States Attorneys providing updated guidance on marijuana enforcement and priorities under the CSA.

In addition to the below enforcement priorities, the federal government has additionally relied on states and local law enforcement agencies to address marijuana activity through enforcement of their own narcotics laws.

### The Enforcement Priorities include:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;



# Auditing Legal Marijuana

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Risk Assessment Challenges and Considerations

Impact Proposition - "Does Your Organization Have the Munchies"  
(Risk Appetite)

Considerations for Auditing an Illegal Federal Program Emergent  
Public Policy - Fluid Situation (recent U.S. Attorney General actions)

High Public Profile - Era of Fake News and Fact Free Narratives -  
Objectivity Void Opportunity

Seed-to-Sale Inventory Challenges

Access to Banking and Financial Services - Public Safety Risk

Lack of Performance Audit Criteria; Or Is There?

# Auditing Legal Marijuana

Potential Audit Objectives

Governance & Regulatory Framework

Taxation

Licensing & Permitting

Pesticides & Agriculture Water Quality

Weights and Measures - Packaging, Labeling and Concentrations (e.g. Edibles)

Public Education & Youth Prevention

Revenue Distribution and Impact

Public Safety - Cash Intensive, Fire Prevention, DUI and Nuisance Enforcement

Business Relations

Home Growers

Industrial Hemp

# Auditing Legal Marijuana

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METHODS AND TOOLS

# Auditing Legal Marijuana

## Case Studies

- Denver Marijuana Licensing
- Denver Marijuana Tax Collection
- Denver Office of Marijuana Policy
- Oregon Department of Agriculture
- Oregon Liquor Control Commission
- Oregon Marijuana Diversion and Lab Testing



Secretary of State  
Oregon Audits Division



Oregon Liquor Control Commission  
Oregon Health Authority  
**Oregon's Framework for Regulating Marijuana  
Should Be Strengthened to Better Mitigate Diversion  
Risk and Improve Laboratory Testing**

January 2019  
2019-04

Secretary of State: Dennis Richardson  
Audits Division Director: Kip Memmott



# Connecting Auditors with People

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Audits Impact Real People

Denver Emergency Response Audit

- Saving Lives

Denver Children Experiencing Disabilities Audit

- We thought nobody heard us

Oregon Foster Care Audit

- Town Halls
- CASA and Children's Center events

Oregon Portland Public Schools Audit

- Black Lives Matter



# Foster care in Oregon

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Secretary of State  
Oregon Audits  
Division

# Why this audit matters

- Growing foster care crisis
- Slow, indecisive, and ineffective response from management at the agency responsible
- Foster children are among the most vulnerable in the state
  - Often the victims of abuse and neglect, many with acute mental and physical health needs
- Our objective:
  - **Determine what changes and improvements the Oregon Department of Human Services (DHS) can make to better promote the wellbeing of children in foster care and ensure they are protected and cared for**

OVER  
R  
**11,000** CHILDREN  
ENTER OREGON'S FOSTER CARE  
SYSTEM  
**EVERY**  
**YEAR**

1859

# What we found: Management

- The agency struggles with **chronic and systemic management shortcomings** that have a detrimental effect on the agency's ability to protect child safety
- Work culture of **blame and distrust**
- Several substantial reform efforts have been poorly planned and executed, then abandoned
- For over a decade, management's response has been to reorganize the system, not effectively plan to fix it
  - Key example: The primary database for child welfare still has **over 1,000 outstanding IT fixes** waiting, **some of which date back to the system's introduction** in 2011
- As a result, the foster care system is disorganized, inconsistent, and high-risk for these children

# What we found: Foster parent recruitment

- Oregon does not have a robust recruitment program and **struggles to retain and support the foster homes it already has**
- The agency lacks critical data regarding foster placements and capacity
  - This inhibits the agency's ability to fully understand the scope of the problem
- Since 2011, the total number of available foster homes **has declined by 15%**
- This has led to the agency housing more children in **hotels**

*From September 2016 to July 2017, DHS placed **189 individual children** in hotels at least **284 times**.*



*One child was placed in a hotel **nine separate times** in a 14-month period.*

1859

# What we found: Caseworkers and staff

- Staffing challenges compromise the agency's ability to perform **essential child welfare functions**
- Chronically understaffed
  - Statewide, field offices are short **approximately 770 caseworkers, supervisors, program managers, and support staff**
- Caseworkers are overwhelmed with high caseloads
  - This has led to rampant **overtime use, high turnover, medical leave for stress and burnout**
- Caseworkers are often expected to work in the field alone, which could **compromise their safety**, and are not fully prepared when going to court



# What we recommended

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- The agency should address deficiencies in management and organizational culture
- Substantially increase the number of caseworker positions and other field staff resources
- Create a robust foster parent recruitment and retention plan
- Overhaul or replace the database and IT system used to manage these cases



# Audit impact: Public outrage

- More than 100 newspaper articles in Oregon and nationwide
- Radio interviews
- Town hall meetings hosted by the Governor's Office
- CASA & Children's Center Events

## Audit faults top administrators for Oregon's chronic child welfare failures

Posted Feb 1, 2018



(Stephanie Yao Long | The Oregonian/OregonLive)

## What's Wrong With Oregon's Child Welfare Office?

by Allison Frost (contributor/allison-frost) [Follow](#) OPB Feb. 5, 2018 noon | Updated Feb. 5, 2018 1:23 p.m. | Portland, Ore.



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People who've been in high foster care systems, like the Oregon Department of Human Services, are more likely to suffer from chronic health conditions later in life, according to a new study.

## Oregon DHS child welfare audit says staff endured 'bullying, intimidation' by agency leaders

Jonathan Bach, Statesman Journal Published 10:07 a.m. PT Jan. 31, 2018 | Updated 10:21 a.m. PT Jan. 31, 2018



(Photo: JONATHAN BACH / Statesman Journal)

Leaders of Oregon's child welfare system have continually failed to fix systemic problems after paying \$39 million in legal settlements, according to a new audit by the Oregon Secretary of State's Office (<http://sos.oregon.gov/audits/Documents/2018-05.pdf>).

At the same time, child welfare employees have worked in a culture of bullying and intimidation, facing verbal abuse from Department of Human Services leaders, state auditors said in the report released Wednesday.

Some DHS staff members also were told not to talk with Secretary of State officials for the audit, according to the audit report.

# Audit impact: Legislative and policy fixes

- 2018: Oregon's Governor approved **\$14 million** for an additional **186 field staff** for the agency
- 2019: Both the agency's requested budget and the Governor's recommended budget include **further staffing increases**
  - The agency alone requested more than **\$100 million to add 500 additional** full-time equivalent positions
- The agency has made substantial internal improvements
  - **Reduced** the number of youth placed in hotels
  - **Reduced** the use of caseworker overtime
  - Introduced a Field Services Administrator to **coordinate communication** between the central and field offices
- To this day, the audit continues to inform policy and child welfare practices – Release of Audit Follow Up Report





## Session Wrap-Up

Review Session Objectives

Recognize Importance of Profession

APIPA Member Opportunities

Thank You

Contact Info