

CAPACITY BUILDING THROUGH PERFORMANCE AUDITING

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Our Journey With You

*Weakest component of PFM –
public sector auditing*

- PAs help build capacity
- Techniques to use in the workplace
- What to expect from a PA

*Public Financial Management (PFM)
Performance Audit (PA)*

PAs Generate Power to Build Capacity

- Better understand and communicate financial management
- Better use of budgets and financial reporting
- Better outcomes and program improvements
- Help answer fundamental questions

Five Techniques

- Develop appropriate scope and objectives
- Ask questions – the right ones
- Obtain and analyze information – the right information
- Know your audience
- Create clear, meaningful communication

Stay Focused with Scope and Objectives

- Scope keeps you focused.
- Objectives define what the audit intends to accomplish.
 - Ø What is the actual objective?
 - Ø Are the questions answerable?
 - Ø What resources are required?
 - Ø Who is the intended audience?

Questioning the Questions Poll

ISSUE: Due to past discrepancies in credit card use and concerns about outdated systems, the CFO and CISO are considering changes to the purchasing system.

SCOPE: The organization will conduct a cost analysis of purchasing activities and systems, and will research best practices and technology requirements.

Jumping into the Gap

- “What is” vs. “what should be.”
- Approach, criteria, risks, and relationships.
- Sufficient, appropriate evidence, and experts.
- Achieving desired objectives/outcomes?
 - Ø What is the performance?
- What is effective?

Letter of the Law

- What is “the law”?
- Key concepts in understanding the law
- Law as a source of criteria
 - Ø Conflicting criteria
 - Ø Dealing with unmeasurable policy objectives

Bridging the Gap

- Iterative process
- Telling the story with key messages
- Actionable recommendations
- Meaningful communication

Recommended Recommendation Poll

Objective: What is the financial and legal status of the Reading Program's account?

Finding: The Reading Program's account balance has not fallen below \$220,000 for the past 15 quarters.

Conclusion: There are no legal constraints on spending Reading Program fund balances on other activities. Actuaries determined the account requires at least \$170,000 to ensure solvency. Forecasted revenue growth over the next five years is between 1.5 and 3.2 percent compared with expenditure growth between 0.5 and 1.7 percent.

Budget Genius

- Where are your resources/money focused?
- Link data with your goals and desired outcomes/objectives
- Better communicating needs and achievements with stakeholders

PAs Are Collaborative and Informative

- Collaboration means no surprises
- Solution oriented conversations
- Knowledge to achieve objectives
- Clearly written report that is actionable
- Information to create an action plan

Embrace Performance Audits

- Improve accountability and capacity
- Improve budget planning and execution
- Improve quality of policies, outcomes, and audits
- Improve management of change and performance
- Improve transparency, stakeholder collaboration, and communication

Questions?

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