CAPACITY BUILDING THROUGH PERFORMANCE AUDITING

Elisabeth Donner
Elisabeth D. Consulting

Fara Daun
Stellar Pacific Business Law

18 May 2018 ICGFM Training Conference
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.
  Ŷ What is the actual objective?
  Ŷ Are the questions answerable?
  Ŷ What resources are required?
  Ŷ 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ISSUE: Due to past discrepancies in credit card use and concerns about outdated systems, the CFO and CISO are considering changes to the purchasing system.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?
  ý 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
  - Conflicting criteria
  - Dealing with unmeasurable policy objectives
Bridging the Gap

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

CONTACT INFORMATION

Elisabeth Donner, Elisabeth D. Consulting
elisabethdconsulting@outlook.com

Fara Daun, Stellar Pacific Business Law, PLLC
fara@stellarpacificlaw.com