



## Seattle Committee on Performance Auditing

### Discussion Notes (5/14/20)

1. Benefits and challenges of performance audits
2. Use of consultants
3. Best practices



## Seattle Committee on Performance Auditing

Topic	Benefits	Challenges
Efficiency		
Effectiveness		
Equity		
Increased Revenue and Savings		
Innovation		
Other		



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Topic	Benefits	Challenges
Efficiency	Can be targeted to a particular concern expressed by a community or observed issues of concern by the audited entity.	<p>Staff in an audited organization may not see the inefficiency and so may not be open to making a change or the benefits of improved technology or outcomes. Can be a lot of resistance to change. Long term staff may wait out changes at the top.</p> <p>Inefficiencies develop for a reason; they become habits, and shortcuts become established protocol. People can be resistant change.</p> <p>Data and systems get in the way, both for the conduct of an audit and recommendations. Hard to collect the data for an evidence-based approach. An audit could do more if it didn't take so long to collect the data.</p> <p>Many pain points are internal, not public facing, and so they don't get the scrutiny or generate pressure on leadership.</p>



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Efficiency	<p>Auditors can go into much more depth and take the next step to assess the impact of potential changes. Auditors don't have to work in a silo and can track the benefits across agencies and provide technical assistance in how you can do things differently and why; why the system would allow the change or not; and how you could change the system. With increased understanding of the problem, you can get further along with implementation of the changes and impact efficiency.</p>	<p>There is a cost to efficiency. May involve initial outlay of money and resources. Hard to get auditee to accept certain changes when they come with a cost.</p> <p>A small budget and fewer staff may not provide enough resources to do the work that needs to be done.</p>



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Effectiveness	Recommended changes from the Seattle Office of Inspector General can impact the culture of the department.	<p>When looking at a cost-benefit analysis, cost can come in terms of relationships community goodwill, stakeholders, auditee (positive or negative).</p> <p>Trying to pinpoint intended outcomes of an auditee can be hard (especially human service programs). Very squishy areas. What is the program achieving; what is the long-term benefit? How to link audited area to mission and outcomes. Hard to identify a discrete goal.</p> <p>How do you measure success in some areas?</p>



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Effectiveness	Can use benchmarks from other audits. Also coordinate with researchers to characterize an issue.	<p>Are there limits to what can be measured, and does that limit how a performance audit can be effective?</p> <p>Not always agreement on what is the desired outcome and how to measure it.</p> <p>Availability of data can determine effectiveness of an audit</p> <p>Measuring outcomes for homelessness was ever changing, challenging and lacking in resources.</p>



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Effectiveness	<p>Performance auditing addresses efficiency, effectiveness and cost-effectiveness</p> <p>Cost effectiveness: can we do more of what we're doing for less money or get more done for what we have.</p> <p>Fresh set of eyes; independent and impartial perspective. Able to think out of the box (not always possible for those who are doing the work).</p>	<p>Internal issues where there have been big aggregations of concerns raised about some concern or practice that is no longer delivering the intended product (e.g. timesheets, software).</p> <p>How to collect HR data to support an audit relative internal issues (e.g. use employee ombud for this task)?</p> <p>Single biggest challenge from union negotiations, for example, has been getting the data (e.g. trainings, career development). Huge lift to get data into a centralized place.</p> <p>Implementation consideration: Building systems and/or finding tools to help compile data across silos (esp. HR, finance)</p>



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Equity	City culture/training in RSJI has been very helpful	<p>Criteria and data by which OCA can make conclusions about equity.</p> <p>City needs to keep data that reveals inequities. Complaint-driven systems, such as streetlight complaints and street repair complaints don't provide the full picture of infrastructure needs.</p>



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Equity		<p>Lack of common understanding of objectives and goals of RSJI</p> <p>Need firm and objective criteria, not just pro forma</p> <p>Is racial equity information passed on to Council president? Work is being done but not discussed at the highest level?</p> <p>When using the auditor's RSJ checklist, where is the mitigation when disparate impacts are noted? Not thorough enough?</p> <p>(Share OCA RSJ form with the committee in anticipation of broader conversations about equity, per CM Lewis)</p>



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		<p>Need to consider RSJI at various stages of an audit: scope, development or recommendations.</p> <p>Auditors may have difficulty understanding RSJI issues.</p> <p>Ability for affected communities to request audits.</p> <p>Some requests for audits from the public can be difficult to do.</p> <p>Resources (implementation: require community outreach to inform the work program?)</p>



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Topic	Benefits	Challenges
Equity		<p>How to interpret data (e.g. racial disparities in police functions. What is an artifact of a police operation - does something need to be corrected and controlled through policy and training or is it the result of where policing is occurring or the time of day when things are more likely to happen. Separate meaningful and harmful disparity from overrepresentation. What might be a benign aspect of a system that can be explained through an objective explanation.</p> <p>Inequity can be caused by externalities vs a program</p> <p>Is the impact correctable?</p>



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Increased Revenue and Savings	<p>Long term benefit: Follow up on whether recommendations are implemented provides greater likelihood for increased revenue and savings.</p> <p>Auditor can see what recommendations have been implemented and whether they made a difference</p> <p>Mapping where and when friction happens across systems has tracked directly into cost savings or making an investment into a better integrated system</p>	



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Increased Revenue and Savings	Indirect benefits as noted above.	<p>Focus on savings can have a negative impact on jobs. Need to strike a balance.</p> <p>Need to aggregate and share the outcomes of performance audits.</p> <p>How to track and report the benefits of an audit to the public and the community (e.g. a dashboard?)</p> <p>Tricky to quantify the savings from an audit. Need to be careful about what is measured (topic in the larger audit world).</p>



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Increased Revenue and Savings	Cost avoidance, as well as cost savings  (See Joint legislative audit committee that measured impacts of audits.)	Risk of selecting only those audits that produce dollars instead of improving effectiveness.  Audits aren't all about money.  Dashboard needs to show non-quantifiable impacts, too.



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Topic	Benefits	Challenges
Innovation	<p>Promising practices in other jurisdictions can be an incentive to innovation.</p> <p>Helpful that an innovation has already been rigorously evaluated and proven to be effective.</p> <p>Statistician on staff can help ensure that data is clean and accurate.</p> <p>Audit teams share analytical models with audited entities and they can take it to the next level to use as tools (e.g. scheduling, pollution reduction).</p>	<p>Don't be too prescriptive to the departments</p> <p>Does auditor providing a tool to management present a conflict of interest?</p> <p>In house expertise v consultant.</p>