

# Examining the Bigger Picture: A Tool for Audit Shops to Further Improve Government Results

By: Jeff Tryens

The systematic assessment of an agency's performance is the accepted and understood approach. The argument against this type of assessment is that systematic performance improvement is the job of the executive branch. It's also the job of the executive to prevent deception, malfeasance, and corruption, but ferreting out these problems is the auditor's mainstay or "bread and butter." In my experience, most governments run combined budget and management operations where the "Budget" rules, much to the detriment of developing systematic approaches to performance management.

There is an opportunity for audit shops across the country to increase their collective influence over how government agencies perform. They can do so by elevating their involvement in performance-improvement activities.

These six steps should help auditors "up their game" toward improving agency performance.

1. **Get in the game.** By what authority would your office engage in a systematic assessment of agency performance? Section 2.10 of the *Government Auditing Standards* (GAGAS or the Yellow Book) states, "Performance audits are defined

as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. The term 'program' is used in GAGAS to include government entities, organizations, programs, activities, and functions." ([GAGAS](#))

What about criteria for performance management? Local and state governments with well-defined strategic plans and targets need look no further. The *Mayor's Management Report (MMR)* in New York City provides mission, goals, performance measures, multi-year data, performance targets, and trend assessments by the hundreds. Another approach would be to benchmark performance against the principles laid out in *A Performance Management Framework for State and Local Government* ([Performance Management Framework](#)), issued in 2010 by the



National Performance Management Advisory Commission, a consortium of 11 of the largest state and local government trade associations, including the National Association of State Auditors, Comptrollers, and Treasurers (NASACT). While not an official set of criteria, the seven principles listed below can become a legitimate set of best practices against which an agency's approach to performance management can be assessed:

- 1) a "results focus" permeates strategies, processes, the organizational culture, and decisions;
- 2) information, measures, goals, priorities, and activities are relevant to the priorities and well-being of the government and the community;
- 3) information related to performance, decisions, regulations, and processes is transparent – easy to access, use, and understand;
- 4) goals, programs, activities, and resources are aligned with priorities and desired results;
- 5) decisions and processes are driven by timely, accurate, and meaningful data;
- 6) practices are sustainable over time and across organizational changes; and
- 7) performance management transforms the organization, its management, and the policy-making process.

Auditors should be reminded that the role of Government auditing, according to the Yellow Book, is to provide "objective analysis and information needed to make the decisions necessary to help create a better future.

2. [Use multiple lenses to assess performance.](#) Most government performance reports published today take a very short-term view of performance. One of New York City's most important performance reporting tools, the

*Citywide Performance Report* features a "stoplight" reporting approach comparing how the agency does on a performance measure in the current reporting year (to date) compared to the same reporting period in the prior year. While this may be useful in some instances, the longer-term trend, at least five years, is a much more important performance lens when assessing agency performance.

A compelling reason to have an independent body assessing performance is the executive branch's tendency to highlight the positive. In the *2013 Mayor's Management Report*, issued by the New York City Mayor's Office of Operations, the Department of Transportation (DOT) wrote, "fatalities were down significantly for both Motorists/passengers and Bicyclists/pedestrians." The agency went on to list an extensive set of projects aimed at lowering fatalities. Directly below the text, this chart showed that, in fact, the five-year trend for both types of fatalities was "Neutral" despite the agency's stated "Desired Direction" of "Down" for both. While the DOT statements, on their face, were accurate, they did not tell the complete story regarding these performance measures. See Figure 1.

3. [Support the creation of a high-performance culture.](#) Auditors can play a positive role in performance improvement by helping to advance the development of a high-performance culture. In Australia, I helped the state of South Australia implement a "high-performance framework" against which agencies were expected to assess themselves (HPF). While far from perfect, the *framework* continues to provide agencies with a uniform standard for judging their performance. Creation of executive branch "CompStat" programs ([CompStat](#)), characterized by rigorous analysis of real time data by agency leaders, is another example of a culture-changing activity that an audit office could support.

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Figure 1

Performance Indicators	Actual					Target		Desired Direction	5 year Trend
	FY09	FY10	FY11	FY12	FY13	FY13	FY14		
★ Overall traffic crashes	177,996	183,278	179,112	176,482	179,076	↑	↓	Down	Neutral
★ Citywide traffic fatalities	276	259	236	291	261	↑	↓	Down	Neutral
- Motorists/passengers	98	97	78	115	93	↑	↑	Down	Neutral
- Bicyclists/pedestrians	178	162	158	176	168	↑	↑	Down	Neutral

★ Critical indicator 'NA' means Not Available in this report ↑ ↓ shows desired direction

Building a high-performance culture is not an activity that an audit office should undertake alone. While auditors' integrity hinges upon their perceived independence, nothing stops them from participating in public exercises aimed at improving government performance, perhaps based on the results of performance assessments.

jurisdictions can find numerous national and state data sets that allow for year-over-year comparisons of important conditions in the community that are the focus of government activities. These also can be the basis for performance conversations, both internal and external, that could result in better agency performance.

4. **Recognize good performance.** While auditors are loathe to use words like "good" and "bad," rewarding agencies through recognition by oversight bodies goes a long way toward building a culture of high performance. Auditors should find ways to team up with independent "good government" organizations to recognize high-performing agencies based on whatever objective criteria are used for assessing performance.
5. **Start with what you have.** Most audit shops won't have comprehensive, time-tested performance reports at their fingertips. Still, with a little effort, most medium to large
6. **Performance compared to what?** The crucial missing link for top-notch assessments of performance is comparing like jurisdictions. Over the years, many have tried, and usually failed, to create robust peer comparators. The book, *Municipal Benchmarks: Assessing Local Performance and Establishing Community Standards* by David N. Ammons is a good starting point for anyone interesting in pursuing this topic.

#### Author's Bio

In January 2014, **Jeff Tryens** stepped down as deputy director for performance management in the New York City Mayor's Office of Operations after serving in the position for 2.5 years. Between 1995 and 2004, he was executive director of the nationally recognized Oregon Progress Board. In between, he was executive director of the South Australia Strategic Plan's Community Connection unit; consultant to the South Australian Public Sector Performance Commission; and sole proprietor of Measures Matter, in Portland, Oregon, where he assisted numerous government and non-profit organizations. Earlier this year, Jeff received the Harry Hatry Distinguished Performance Measurement and Management Practice Award from the American Society for Public Administration.

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