



Achieving Excellence in Government Auditing: A Corrective Action Plan Remakes State Auditor's Office

By State Auditor Suzanne M. Bump

As the Auditor for the Commonwealth, I am mandated by state law to provide an independent and objective evaluation of Massachusetts' financial and programmatic activities in adherence with the Generally Accepted Government Auditing Standards (GAGAS) promulgated by the U.S. Government Accountability Office. These are the standards by which every government auditor in the country is judged.

When an audit conducted by my office reveals an issue or problem, I advise those on the receiving end to use it as a tool for redressing their accounting, internal control, security and outcome deficiencies. I focus on the positive use of the findings, but I know all too well how little that advice mitigates the initial shock and professional embarrassment.

In 2011, shortly after I was sworn in as the first new Auditor of the Commonwealth in 24 years, I sought a peer review through the National State Auditors Association (NSAA) – something that had not been done in 15 years. The results presented leadership and operational challenges.

The office received a rare adverse opinion, revealing a number of issues and deficiencies related to its quality control system for performance audits.

The flaws identified were serious and a sobering reality for many employees.

Achieving the highest standards of government auditing requires a deliberate and constant organizational commitment to accountability, professionalism, efficiency and effectiveness, and transparency – the ethical principles which underlie GAGAS. However, the peer review revealed that my office was not prepared to perform at this level.

The State Auditor's Office must model the behavior it expects from those it audits. This is essential for government and private vendors to respect our audit findings and heed our recommendations, and for the public to have confidence that the office can be an effective watchdog and agent for governmental change. This is a promise that I made to the citizens of Massachusetts when campaigning for this office.

When the peer review was issued in May 2011, I realized that a corrective action plan was needed immediately to strengthen the existing quality assurance review function, not only to ensure compliance with GAGAS, but also to meet the expectations of the government and public. This need was especially pressing, as NSAA will audit my office again in three years. I may not have been responsible for the problem, but I am accountable for the solution.

Attaining this vision and the commitment of all staff required a change in culture across the office. Barriers to effective collaboration gave way to two-way communication channels with employees, created to enhance dialogue between managers and their teams.

Additionally, we implemented a number of changes to policies and procedures to prevent non-compliant audits from being issued, upgrade audit policies and procedures, enhance technical capabilities, improve the hiring process to attract and retain qualified staff and enhance education and mentoring opportunities for existing staff.

The results of the changes we implemented have been truly transformational.

Moreover, the impact of our audit work was also significant. During fiscal year 2011, the OSA issued 189 audit reports covering state agencies, authorities, public institutions of higher education, human service entities, the judiciary, public safety agencies, vendors, and various other state activities. In these reports, the OSA disclosed \$80 million in waste, cost savings opportunities and lost revenue enhancements.

How did we accomplish this?

We started by creating a team of deputies, directors, managers, and audit supervisors. They developed a new audit manual that includes all current policies and procedures required by the government auditing standards. The audit steps and documentation requirements outlined in this new manual were then integrated with our audit software, enhancing our staff's technical capabilities.

in the office. This allows us to focus on providing feedback when fieldwork is substantially completed, but the report is still in the process of being drafted. Previously, quality control reviews were conducted annually based on audits from the previous year.

As the result of a new recruitment and hiring process that emphasizes specific educational and professional job requirements, 20 new auditors were hired in 2011. To ensure they would succeed in their new roles, a mentoring program was created to provide guidance and support. *Continued on page 16*

"The results presented leadership and operational challenges."

Corrective Action Plan

We all know that "tone at the top" is an important driver of audit quality, but it is also essential to create lasting organizational change. The first step in our corrective action plan was to establish a new vision for the Office of the State Auditor. Our vision has two parts: One built around a common mission and set of core values and goals and one designed to help us to take our place as a national leader in professional government accounting.

Over the course of a five-month period, the quality assurance team noted clear improvement in our compliance with GAGAS. In fact, two of the five audits reviewed in December were found to be 100 percent compliant. Twenty-one auditors became certified by the Board of the National Professional Standards and Admissions Committee as fraud specialists. Additionally, all audit staff met the GAO continuing professional education (CPE) requirements.

To elevate professionalism in the office, we implemented a new performance management system and conducted a formal assessment of staff capabilities to identify deficiencies and recommend training. As a result, a new training policy was created. Additionally, numerous courses and other professional development opportunities were offered throughout the year.

We revised the nature, timing, and extent of the internal quality control reviews currently conducted

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These changes may seem simple and straightforward, but their impact in helping to create a culture that fosters auditing excellence cannot be underestimated. This culture ensures our ability to produce quality audits that provide the motivation and tools the state government can use to make meaningful improvements in their own agencies and programs. That is what taxpayers want and deserve from their state government.

Government auditing must serve the public interest, be performed with integrity and objectivity, make proper use of government information, resources and position and be conducted according to a code of professional behavior.

The initiatives undertaken by the Office of the State Auditor will help us to achieve that objective, and to assure the public that every dollar given to the state government is a dollar well spent. ■

Auditor of the Commonwealth, one of six constitutional officers in Massachusetts, and the first female elected to this role in the state's history. **Suzanne M. Bump** has more than 30 years of leadership experience in both the public and private sectors. She was the featured keynote speaker at the Annual A&A Government Conference in June. Contact Auditor Bump at auditor@sao.state.ma.us or visit mass.gov/sao/index.htm.

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