Chair’s Corner
Kate Wade (Wisconsin)

The 2003-04 year is moving along at a fairly brisk pace. Individual members of the NLPES Executive Committee and other active NLPES members have been working to advance our staff section’s working relationship with other legislative staff sections, and to identify ways to use technology differently within NLPES. While we all have access to a good amount of NCSL information via the web and other print sources, the NLPES Chair and Vice Chair are in the position to serve a more active “liaison” function between the NLPES membership and the full range of NCSL activities. With that in mind, I’ll devote this column to notes on NLPES Executive Committee activities, LSCC projects, and NCSL programs and initiatives.

The several subcommittees of the NLPES Executive Committee have been engaged in both ‘annual’ events and special projects. Those of you who subscribe to the listserv are aware of the annual election cycle; “thank you” to those of you who are seeking election and to those of you who vote. Also scheduled to be starting soon is the annual awards process, which includes judges from within the NLPES membership. Planning is underway for the NCSL Annual Meeting, which will be held in July in Salt Lake City; roundtable discussions, sessions featuring the work of NLPES member offices, and awards presentation are among the NLPES-specific events being planned. The Fall Conference will be held in October, in Tallahassee, Florida this year; it’s not too early to think about attending this event and presenting your best work to your peers from across the country. One of the key charges of the communications subcommittee this year is an update, via e-mail and the web, of the “Ensuring the Public Trust” document. This document, when complete, will provide you with an overview of all NLPES offices – both their structures and some of their operating practices.

This year’s Legislative Staff Coordinating Committee (LSCC), whose membership includes the chairs and vice chairs of the ten NCSL staff sections, has been working to find ways for the staff sections to work together and to measure the value staff sections place on various NCSL services. On the first point, look for more co-located and jointly planned fall conferences in coming years: there are economies of scale to be realized as well as richer programming. On the latter point, many NLPES members (n=159) responded to the survey sent to all legislative staff regarding NCSL services. As a group, we are slightly less familiar with NCSL services than the respondents in the other staff sections, and we are also slightly less satisfied with NCSL services. It is imperative that we make the effort to improve our collective familiarity with NCSL services, and then work with our staff at NCSL to ensure the services we need are developed and delivered.

There are a number of initiatives currently underway within NCSL.

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Fresh off the presses is a State Budget Update from the Fiscal Affairs Program; while you may be aware of some additional details for your own state, this document will give you useful background information on problem spots and revenue success stories in all 50 states. And it's free to us as legislative staff.


NCSL is also launching a redesigned, more user-friendly website in the near future. Its layout will be replicated on the NLPES pages; send feedback when you see the new pages!

The Spring Forum, also known as the meeting of the Standing Committees, will take place in Washington, D.C. in late April.

While travel budgets limit attendance at meetings, position papers and contacts are accessible on the NCSL website. While our collective NLPES familiarity with the Standing Committees was comparatively low (according to the LSCC survey results), we are all more than familiar with our own legislators asking us how their hands are being tied by federal regulations, or when the federal funding for a new initiative will be available, or how other states are managing in response to a particular federal mandate. Turn to the Standing Committees for some assistance!

In the course of reading this article, I hope you've gained one new piece of knowledge about NCSL and been inspired to make a first-time visit to at least one NCSL webpage; the investment of a little time may pay big dividends in your professional life.

### 2003 Fall Training Conference Provided Learning Opportunities


The Conference theme, “Enhancing Evaluations To Effect Change,” proved to encompass the focus of the training event as participants learned about the changes that can and are being made to enhance evaluations used by all professions. Special features this year included plenary sessions on Mainstreaming Evaluations, The History of Performance Audits in State Government, Ethics, and Use of Evaluation Standards. In addition, the conference featured a variety of breakout sessions in the areas of General Topics, Education, Environment, and Health and Human Services. Over forty guest speakers shared their knowledge of program evaluation in at least one of these topical areas. Seventeen of these guest speakers were non-NLPES affiliates, nine of which were from the private sector and academia.

While visiting Michigan, conference participants were able to take in the gorgeous Michigan fall colors, as well as participate in numerous social activities. Our thanks to Michigan Auditor General Thomas McTavish and his staff members for hosting a very successful Fall Training Conference.

For those of you who were unable to attend the Fall Training Conference in Michigan, you may visit the NLPES website and read the conference notes of sessions held during the conference. Follow the “Training Resources” link to the 2003 notes.

### 2004 Fall Training Conference to be Hosted by Florida OPPAGA

The Florida Office of Program Policy Analysis and Government Accountability will host the 2004 NLPES Fall Training Conference. Tentatively, the conference theme will be “Adding Value to the Legislative Process.” OPPAGA does not have an exact date for the conference, although the probable date will be some time in October. Gary VanLandingham, OPPAGA Acting Director, promises plenty of sunshine and warm hospitality for an enjoyable stay in Tallahassee, Florida. Plan now to attend the 2004 Fall Training Conference.
State Profile
Arkansas Division of Legislative Audit

BACKGROUND
The Arkansas General Assembly created the Legislative Joint Auditing Committee in 1955 as a joint interim committee to help provide guidance and accountability standards to state government. The Committee was charged with providing for the impartial periodic auditing of each state agency and department, and providing information to facilitate the discharge by the General Assembly of its legislative responsibilities with respect to each agency and department. The Division of Legislative Audit (the Division) was created to provide a professional staff under the direction of the Legislative Auditor. The Legislative Auditor is appointed by and serves at the pleasure of the Committee.

In 1969, the Division’s audit responsibilities were broadened to include counties, municipalities, and local school districts. In 1985, audit responsibilities for the Division were again increased to encompass the State’s twenty-six prosecutorial districts. Currently, the Division issues over 1,100 reports each year.

OUR ORGANIZATION
The Division is organized by its five general areas of responsibility:

State Agencies Section – The State Agencies Section conducts financial audits and reviews of the State’s constitutional, judicial, and executive offices, as well as its various boards and commissions.

Counties and Municipalities Section – The Counties and Municipalities Section conducts financial audits of certain municipalities, all counties, and all prosecutorial districts; agreed-upon procedures of second class cities; and compilations of incorporated towns. Municipalities have the option of contracting with private CPA firms, though approximately ninety percent (90%) choose to be audited by the Division.

Educational Institutions Section – The Educational Institutions Section conducts financial and compliance audits of state supported institutions of higher education, public schools, technical schools, cooperatives, and county boards of education. Like municipalities, local school districts have the option of contracting with private CPA firms. However, for the year ended June 30, 2002, this section conducted audits of 283 out of the State’s 311 school districts.

Performance Audit Section – The Performance Audit Section conducts performance audits, issues special reports in response to legislative concerns, and verifies data reported by state agencies/programs in connection with the State’s performance-based budgeting initiative.

Information Systems Section – The Information Systems Section conducts audits in order to assess information system controls in support of the financial and performance audits performed by the Division; provides development, maintenance, and support of internal computer systems and applications; and assists in data retrieval and analysis.

OUR STAFF
Currently, the Division of Legislative Audit employs 222 professional staff members. All applicants for auditing positions must have a bachelor’s degree with a major in accounting or its equivalency, and meet the requirements to sit for the Uniform Certified Public Accountant (CPA) examination. Applicants for our technology-related positions are expected to have a bachelor’s degree with appropriate certifications applicable to their job requirements. As of December 30, 2002, professional certifications held by staff members included 140 Certified Public Accountants (CPAs), fifty-five Certified Fraud Examiners (CFEs), four Certified Information Systems Auditors (CISAs), and various other financial and auditing certifications.

Our professional staff is strategically located throughout the State based upon the workload of particular geographic areas. Financial and compliance auditors located outside of the Little Rock (capital) area are cross-trained and, therefore, have expertise in municipal, county, local school district, prosecutorial district, and institutions of higher education auditing.

OUR CHALLENGES
Demands for our staff time have dramatically increased during the past several years.

Performance Auditing – Prior to 1999, the Division performed only financial related engagements. This changed with Act 222 of 1999 requiring a performance-based budgeting initiative in Arkansas. The initiative was expanded during the 2001 and 2003 General Assemblies,
charging the Division to conduct performance audits and verify performance data reported by the various participating agencies/programs. Regardless of any changes to the performance-based budgeting initiative, a February 2001 NCSL report assessing the legislative process in Arkansas recommended the Division continue conducting performance audits.

**Term Limits** – On January 1, 1993, term limits became effective in Arkansas, limiting General Assembly House members to three two-year terms and Senate members to two four-year terms. As term limits began to have an effect, the less tenured legislature has had an ever-increasing need for the Division to provide information beyond that of a traditional financial and compliance audit.

**Changes in Audit Standards** – The numerous changes in auditing standards over the past few years and the resulting staff training hours have strained our staff resources.

**Sluggish Economy** - Like many other states, Arkansas has experienced a sluggish economy during the past few years that has taken its toll on the resources of state and local governments. As a result, numerous municipalities and local school districts formerly audited by private CPA firms have come before the Legislative Joint Auditing Committee requesting that the Division take over their audits. The Division’s workload continues to increase, while our ability to hire new auditors is restrained by the State’s economic considerations.

**Education Accountability** – On December 8, 2003, the Arkansas General Assembly convened in special session to address an Arkansas Supreme Court ruling that our State educational system was inadequate and inequitable. Accountability is a major part of all corrective proposals and the Division is expected to play a role in verifying accountability data and reports.

**OUR RESPONSE**

The Division is responding to these challenges by constantly seeking ways to operate more efficiently while continuing to be effective in providing the Arkansas Legislature with timely information that is relevant to its decision making responsibilities.

**CAFR** - In a coordinated effort with a private CPA firm, our State Agencies Section provided approximately fifty percent (50%) of the audit staff hours for the fiscal year 2002 audit of the State’s Comprehensive Annual Financial Audit (CAFR) and is again committing resources for the Fiscal Year 2003 CAFR audit. As our participation in the CAFR audit increases, many departmental financial audits are being replaced by compliance reviews. The resulting time savings will be used for the growing legislative demand for performance audits and special reports.

**Statewide Single Audit** – As a result of having participated in the 2002 CAFR audit, departmental single audits were replaced with a statewide single audit.

**Local Government Audits** - In order to allow the Division to continue to meet its charge of providing audits to municipalities without increasing current staff levels, the Legislative Joint Auditing Committee has sponsored legislation authorizing the replacement of financial audits of second-class cities and incorporated towns with engagements of agreed upon procedures and compilations. Currently, consideration is being given to using these type engagements for selected school district audits.

For more information about the Arkansas Division of Legislative Audit and staff contact information, visit our website at [www.legaudit.state.ar.us](http://www.legaudit.state.ar.us). This website also provides electronic access to all audits, reviews, and special reports, as well as updated information concerning Arkansas Legislative Joint Auditing Committee meeting dates and agendas.
Liaison’s Corner

Obtaining Information From Other States

In the last liaison’s corner we began to explore other non-official liaison organizations. This deviation allows us to discuss information resources that can be useful in our audit work and allows our liaison contacts some breathing room between calls begging for articles. We last discussed two sister NCSL organizations that have useful information. This time we will contrast methods of obtaining audit information from other states via: NLPES listserv, NCSL search, and audit information from our liaison organization—the National State Auditors Association (a bonafide liaison). Each of the three contacts has strengths that can aid us in starting up our audits and each has weaknesses that can slow our work or steer us in the wrong direction.

NLPES Listserv

The NLPES listserv is probably the most used of the trio, primarily as an initial cry for help: start a new audit - get a request out on listserv. Or, on the other end: complete an audit - announce it on listserv. The strengths of listserv are that it is readily available, approachable, quick, and gives us person-to-person access. It does, however, have major drawbacks that prevent it from being the panacea for our information gathering.

Listserv is access and time sensitive. Try as we might, getting larger subscriber numbers is difficult. The audience reading your request or release posting is, therefore, limited to the subscribers opening their listserv messages. More important, listserv is not a catalog; your need and someone else’s ability to address your need must exist at the same time. I would venture that most of us quickly use the delete key if the listed topic is not of immediate use.

NCSL Website

NCSL’s search site is a less used avenue of audit information that catalogs audits and other resource information. This site can be found by going to www.ncsl.org and logging in to the NCSL site; if it doesn’t say you are logged in nothing beyond this point will work. Once properly logged in, access “search” in the banner (the search banner is different if you are not logged in, a search without logging in will result only in frustration). On the search page go down the left “state documents” column to “Legislative Audits.” Once there, you can highlight the states you want and type in your topic area. My experience is that a search will get a large number of hits that are repetitive and/or unrelated to the search topic, but you will also get hits for all audits that have been listed by other states.

The NCSL search page is a good source for previously performed legislative audits. Unlike our listserv, the NCSL site information is more general in nature and obviously does not lend itself well to specific questions. The strength of this site is that the information is already there. There is no dependence on the kindness of strangers. More important, you can get a lot of general background information on how other states have addressed similar problems quickly and efficiently. The drawback of this site’s information is that it can direct you to the results of others’ audits, but it is not specific and provides no color commentary on how the information was collected or analyzed. The information listed is also limited by what we, as states, put on our web pages and how we present the information we list.

National State Auditors’ Association Website

Similar, but broader still, information to the NCSL search is available from an NSAA search. Our liaison organization, the National State Auditors Association, also has both state and audit topic search capability. The NSAA search is a little more difficult to find because the search is actually done by the New York State Office of the Comptroller. You can reach this site by working your way through the NSAA’s connections that start with the NSAA parent organization, the National Association of State Auditors, Comptrollers, and Treasurers at www.nasact.org. Once on this home page, go down to the left column and click on Online Resources. On the Online Resources page, click on Audit Reports Online, and then click the connection to New York. Or, just go directly to www.osc.state.ny.us/nsaa.

The benefit of this site is that it identifies and catalogs not just our performance audits but state auditor work and agency internal audits. As a resource, the audits listed on this site give insight to the work of other organizations and allow us to see what others believe to be important topics. Just as with the NCSL search site, the NSAA site offers a general overview and is limited to the information sent to the site or that it can find through its site search tool.

Neither the NCSL nor NSAA sites can replace our NLPES listserv. However, a review of these sites prior to a listserv request can be fruitful and can help focus our listserv information requests. Give them a try on your next assignment.
“Eureka! I’ve found the exact data set I needed showing the average teacher’s salary in all 50 states. Now all I have to do is download it into Excel, crunch the numbers a bit, and add them to my report.” This excitement is a feeling common among evaluators when, while researching a new project, a germane data set is found. However, it is important to question the validity and reliability of the data set you find before using it. Simply footnoting the source of the data does not release you from your duty to use the data responsibly.

When used correctly and responsibly, state comparison data can be extremely powerful tools for an evaluator. However, if not used correctly, these data comparisons can be meaningless at best and misleading at worst. A little statistical common sense will help you determine if the data you have found are appropriate for your project. Below is a list of five simple questions to ask yourself when looking at interstate comparison data. Using the example above, a list of the average teacher’s salary in all 50 states, we will explore the use of this common sense test.

**What is the source of the data?**

When first looking at the data you have found, it is important to know where the data came from. Is the source a governmental entity, an association, an academic institution, or another organization? What was the source trying to say with the data? How were the data interpreted? In this example, we might find data from the U.S. Bureau of Labor Statistics to be different from data of an association. Use what you have found out about the source to look for conscious or unconscious bias in the results.

**How were the data collected?**

In knowing how the data were collected, you can find out a lot about how to use the data. Were the data generated by the group reporting the data or were they collected from multiple sources? Were the data self-reported from each state or were they collected from primary research? There can be a great deal of difference in data resulting from collecting actual salary rates in all school districts within a state, sampling a small group of school districts, and calling the state’s Department of Education and asking “What is the average teacher’s salary in your state?” All types of data may have some value, but it would be important to know which kind you are using for comparison if only to inform your audience how the data were collected. If the data were the result of a sample, you must look at the size of the sample, whether the sample was selected properly, whether each state’s sample was selected in the same manner, and so on. It is essential to determine how these things may have affected the data.

**How were the subject defined?**

If you want to use data already collected on your topic, it is critical to know how each source defined their variables and population. For the teacher salary example, there are two questions to be asked. What is a teacher? What is a salary? Perhaps your data set included salary data from anyone on teaching staff, including teaching assistants and non-certified teachers, but you are only looking at certified teachers. Perhaps you are looking at salary and fringe benefits and the data set only provides salaries. In order to compare data, the variables should have been operationalized the same way.

**How were the data analyzed?**

It is also essential to know how the data set was analyzed before it was reported. A common method of comparison of inter-state data is ranking states by averages. There are a number of common pitfalls when comparing averages that are applicable to inter-state comparisons. First, make sure the “averages” are the same statistical measure (mean, median, or mode). Also, make sure that some measure of variance is also provided for comparison.

**Does the data really answer my question?**

As with any data interpretation, it is always important to take a step back and determine if the data really answer the question you are trying to answer. The data may meet all of your criteria after answering the questions above, but still may not answer the questions you are asking. If you are trying to find out how teacher compensation affects teacher recruitment rates, salary alone may not be the only factor to consider. Perhaps the difference in salary does not compare the value of teaching in each state. Does the data take into account cost of living, average household income, other quality-of-life issues, or demand for teachers in an area? Don’t assume there are causal relationships when none can be proven. As with drawing conclusions from any data, make sure your logic is correct.
Many of these concerns mentioned above are not unique to inter-state comparison. However, inter-state data, often collected from various sources and aggregated across large groups, are especially prone for problems. These issues are especially important if you are trying to use data that was gathered for an original purpose other than for state comparison. Finally, when using state comparison data compiled by another source, don’t assume they have followed these guidelines. Read the fine print, or, if there is none, call or email the source of the data to answer some of these questions.


Facing the Challenges of the Great Budget Crunch

Ken Levine (Deputy Director, Texas Sunset Advisory Commission)

One recent weekend, I took my daughter to a University of Texas women’s basketball game. The basketball facility, a 16,000 seat arena, sits just two blocks from the Texas Capitol complex, including the multi-story garages for state employees’ parking. As I drove in to park in one of the garages, I was greeted by a sign indicating a five dollar charge for parking. While silently cursing, I remembered that this was my fault. Well, at least it was partially my fault. The great budget crunch of 2003 had struck again.

As we all know, 2002, 2003, and now 2004 have been tough budget years. Led by a downward spiraling stock market and a weak economy, state revenues are down or static. Government costs, particularly health care related costs, continue to rise. State legislatures struggled to balance budgets, primarily using a combination of budget cuts and cost containment. Revenue increases were approved in some states, though many states, including Texas, took tax increases off the table as a budget balancing option.

Budget-Cutting Ideas From Legislative Staff

As legislatures began to build budgets to address revenue shortfalls, they often turned to legislative evaluation entities for ideas. In many cases, these were not requests for audits or formal evaluations. The requests were for innovative approaches to identify possible ways to save money and use existing tax dollars more efficiently. Often, little time was granted to develop these budget-cutting ideas. Instead, we were asked to review past work and brainstorm on opportunities to save money or enhance revenue without tax increases — like leasing out state employee parking garages for use during non-business hours. Well, that idea sounded good until I drove up for the basketball game the other day.

I can’t take credit for the parking idea; it came from one of our staff who had worked on the Sunset review of our state Building and Procurement Commission. Leasing of parking facilities was one of many ideas the Sunset Commission staff put together for the legislative committees tasked with developing statutory solutions to the budget shortfall. And we were not alone in developing ideas. Staff of the Legislative Budget Board, State Auditor’s Office, State Comptroller’s Office, as well as legislative committee staffers, all were asked to develop ideas.

Here in Texas, legislative committees were created in both the House and the Senate to look at saving money through government organization and reform, in addition to the standard approaches of the appropriative committees. As discussed above, the legislative branch agencies and others were asked to review their past work for possible cost savings ideas that didn’t make it. We were also asked to come up with any innovative approaches that seemed reasonable. All these ideas were drafted into proposed legislation. Many were introduced, some passed, and quite a few went the way of the dinosaur.

Agency Consolidation

For example, both committees worked on agency consolidation proposals, such as professional and occupational licensing, as well as large consolidations like combining our public education agency with our higher education oversight agency. In the long run, few consolidations were enacted. Even the barber board and the cosmetology commission remained separate. But a major consolidation did take place in the Texas health and human services area.

The duties and functions of 12 existing state health and human services agencies were consolidated into a single enterprise made up of five major departments. Oversight and direction is provided by one of those departments, the Health and Human Services Commission, and the four remaining parts of the enterprise each focus on different service populations. The consolidation effort is forecast to have a positive fiscal impact of more than $1 billion in our current two-year budget. Readers interested in learning
more about this consolidation can do so at http://www.hhsc.state.tx.us.

Other cost savings ideas that were passed included strengthening the effective use of technology and the state’s internet portal, reduced reporting and auditing requirements, retirement incentives for those already eligible to retire, and various small items like authorizing the lease of state parking facilities outside of business hours.

The Sunset Commission also chipped in with savings and revenue generation recommendations that will have a positive budget impact of more than $17 million over the next two years. Included were abolishment of two state agencies for $3.2 million in savings, and more than $3 million in savings and fees through improvements to the operations of the Texas Ethics Commission.

Cost Saving Efforts From Other States

Responses to an NLPES Listserv email asking about cost saving efforts in other states yielded some interesting results. In South Carolina, the governor proposed selling a third of its fleet of state vehicles for a savings of $33.7 million. In Virginia, JLARC recommended a tax amnesty program that brought in about $98.3 million. Arizona also proposed cutbacks in their vehicle fleet and expanding use of direct deposit, but also enlisted standard cutbacks in travel, purchasing and staff reductions.

Florida’s OPPAGA annually provides its Legislature with a series of policy options with positive fiscal impact. A few examples of ideas from this list include numerous recommendations to increase fees to cover administrative costs or program operations at several agencies, updating child support administrative costs so that these costs can be recovered in court assessments ($4.4 million), limiting free services to private landowners in their forest stewardship program ($1 million), and restricting supplemental rebates from pharmaceutical manufacturers to cash rebates only ($64.2 million).

While most of the OPPAGA work was done as part of its standard review and reporting process, other ideas, such as some of those mentioned from Texas above, were done without standard evaluation methodology. Policymakers needed ideas and needed them quick. Several states shared with me their lists of brainstorming ideas. While some ideas came from past audits and evaluations, other ideas simply came from the experience and insight of the program and policy evaluation community. These ideas show the value of our legislative evaluation agencies beyond our bread and butter work on Sunset reviews, program evaluation and performance audits. We all were asked to step in where there was (and still is) a need. And we did.

Oh, by the way, I’m cheap. To park for the basketball game, I drove an extra block to my office’s parking garage that I have key card access to. Thus, I am sure I contributed to any continuing budget shortfall our state may have.

Mark Funkhouser Named as a 2003 Public Official of the Year

In its November 2003 issue, Governing magazine named Mark Funkhouser, Kansas City Auditor, as one of its 2003 public officials of the year. Funkhouser has been City Auditor of Kansas City, Missouri since 1988. Before that he was employed by the Division of State Audit, State of Tennessee, for more than ten years. During his tenure with the division, he headed the performance audit group and was an active member of NLPES, making significant contributions toward the society’s early successes.

Funkhouser has a Bachelor of Administration in Political Science from Thiel College, a Master’s in Social work from West Virginia University, a Master’s in Business Administration from Tennessee State University and an interdisciplinary Ph.D. in public administration and sociology from the University of Missouri-Kansas City.

Funkhouser is a Certified Internal Auditor. He was editor of the Local Government Auditing Quarterly from 1990 to 1999. Funkhouser is a frequent speaker on topics related to government performance and accountability. He served as a plenary speaker during the NLPES 2001 Fall Training Conference in Kansas City, Missouri.
A Fish Story About the Three Phases of Audit

Mark Funkhouser (Kansas City Auditor)

Editor's Note: In honor of Mark Funkhouser being named as a 2003 Public Official of the Year, NLPES News is reprinting an article written by Funkhouser for the September 1998 issue of the Local Government Auditing Quarterly. The editor thanks the National Association of Local Government Auditors for its permission to reprint this article.

In 1998, the “AGA Task Force Report on Performance Auditing” appeared in the Government Accountants Journal. The task force was chaired by Jim Nobles, Legislative Auditor for the State of Minnesota, and included, among others, Jay Fountain of GASB, Harry Hatry of the Urban Institute and our own Jerry Silva, City Auditor of San Jose. Their report represents a milestone in the development of performance auditing. Among the questions that the report addresses are, “How should performance auditing be defined?” The current definition of performance auditing in the government auditing standards is basically the result of their work.

Another significant question the report addresses is, “What is ‘success’ in performance auditing, and what are the elements necessary to achieve it?” The task force concluded that there were two principal elements to a successful performance audit.

First, to be successful, a performance audit should be designed to address the questions and issues that decision-makers care about. Second, its results must be directly and effectively communicated to decision-makers, and the message must have an impact.

While auditors had for some time talked about “adding value” as a goal of the audit process, this was the first time the profession definitively stated that for an audit to be truly successful, something had to happen as a result of it. This is a controversial step because it says that the auditor should be judged by an outcome that he or she can only partially influence. Like most program managers, we resist attempts to hold us accountable for outcomes resulting from our work. The task force recognized these difficulties, but nevertheless stepped forward and made the correct call: “after all of these and other limitations are recognized, we come back to the view that performance auditors should aim for impact.”

The Fish Story is one way of thinking about audit impact and how to achieve it. You are all familiar, I’m sure, with the three phases of audit: planning, fieldwork, and report writing. Some of you are doubtless familiar with the three phases of fishing as well.

First, find a fish

Essentially here, we are talking about audit selection. Performance audits, unlike financial audits, cannot be conducted on a regular audit cycle. The audit universe is too large, the auditable elements too diverse and the costs of audits too high. Traditional risk assessment, as used in internal auditing, is a place to start, but it is not adequate to maximize audit impact because it does not adequately consider opportunities to improve outcomes. The Australian National Audit Office calls its approach a “risk-based value-added” approach. At minimum, we need to consider that risk is significantly different from a performance audit perspective than it is from a financial audit perspective. The Australians write that audit objectives should be conditioned by the net benefits expected from the audit. Translated, that means it’s better to fish for bigger fish, or at least the biggest fish that you think you can actually catch.

Then, hook the fish

This means conducting a good audit and writing a report that clearly and convincingly conveys what you found and what needs to be done, by whom, to achieve substantial improvement in the issue under consideration. The AGA taskforce report addresses this issue as follows: “To enhance the possibility for impact and success, we think performance auditors should pay attention to three key elements. We will call them: audit scope, work quality, and report communication.”

They go on to elaborate these points but in essence the point is to do very careful fact-finding and analysis about facets of the issue that people care about and report the results clearly. Along those same lines, for example, Lawrence Sawyer talked about the importance of “flawless” reports. In addition to being free from errors of any kind, I find it helpful to consider this model, adapted from the work of Stan Stenersen of GAO: start with data and then move successively to information, understanding, message, and impact.

Finally, get the fish in the boat

This means to work diligently and tenaciously after the report is issued to get the recommendations implemented.
Auditors must realize that there is a continuum of post-audit activity that they can engage in to maximize the impact of their audit work. This continuum ranges from work that is well within the established conventions of the profession, such as follow-up audits, tracking recommendation implementation and reporting the results of audits, to work that is controversial and seen by some as beyond the role of audit and perhaps impairing the independence of the auditor, such as advising management, advocating for policy changes and in-depth discussion of issues with the media. The AGA report encourages auditors to monitor the impact of their work and to attempt to gain insights into factors that influence the utilization of reports, but seems to frown on auditors working to have recommendations implemented. They point out that implementation of recommendations can sometimes cause conflict with “important constituents” or other objectives of government decision-makers and warn auditors that “…while audit reports can have a significant ‘political’ impact, we think it is extremely important that auditors not seek to become ‘players’ in the political process.”

You may not seek to be political, but if your audits are well done, address major issues, and your recommendations get implemented, then your work will have impact, and you will be seen as political. But you are political in a different sense. You are not the executive administering the programs or the legislator voting on laws. Your influence depends on the slender reed of logic and analysis. You try to catch big fish with a light line. If you do your work well, it nurtures genuine politics. And as political philosopher Jean Bethke Elshtain has written, “If genuine politics ceases to exist, what rushes in to take its place is pervasive force, coercion, and manipulation.”

NCSL Launches New and Improved Website

In February, NCSL launched a redesign of its website, www.ncsl.org. The site brings significant improvements that will help state legislative staff quickly get the information they need.

A task force made up of members of NCSL Legislative Staff Coordinating Committee, working with a workgroup of the NCSL Executive Committee, set four goals for the new site. The following explains the goals and how they were implemented.

Simplified navigation and improved organization is achieved through a streamlined navigation bar available on every page and home page tabs that take you directly to issues or key NCSL pages. The search box is more convenient and accessible on every page. A new feature, Grasscatcher -- a collection of news clippings on key policy issues -- is updated daily, ensuring fresh content on the home page every day.

Greater emphasis on public policy issues comes through a more focused "Content" section on each main level menu page. NCSL staff worked over the last few months to streamline their content to make links more intuitive. In addition, each issue area now has an "Issue Overview" that provides context and focus on material available on NCSL's substantive site.

A clean design actually provides more direct links from the home page to the information you need. The site allows for a better use of photos and graphics, and menu pages show the dates of news items, demonstrating that the information on the page is fresh.

More personalized services are available to state legislative staff through a new MyNCSL design. The service allows members to sign up to receive an email every time a key item in areas they've selected is updated on the Web site.

State legislative staff will notice several new features designed specifically for them. They include:

• The navigation bar has a separate dropdown menu for "Legislative Staff" to highlight NCSL services and programs for staff.

• Staff section menu pages were modified to allow for better use of logos and more flexibility in listing items of interest.

• The search function has been improved and the page design provides direct access to several searchable databases, including state documents, directories, legislative audits, state statutes and constitutions.

For comments or questions about the website, contact the project's team leaders, Doug Sacarto (doug.sacarto@ncsl.org) or Gene Rose (gene.rose@ncsl.org).
Office Happenings

Michigan

The Office of the Auditor General extends congratulations and best wishes to two of its employees who elected to retire on February 1 under the “Early Out” retirement program.

Linda Hagan, Director of Administration, has retired after twenty-two years of service. She is enjoying her retirement with her husband, Terry, and visiting their children in Chicago. They plan to pursue their food and wine hobby and travel to the Canadian Rockies, Maritime provinces, and various wine country destinations in the near future. She will work on home projects and may do volunteer work for the Red Cross and Habitat for Humanity. But for now, she wants to retire and relax.

James Neubecker, Executive Deputy Auditor General, has retired after thirty-eight years of service. He is enjoying his free time with his wife, Karen, visiting their children and building a second home in Ormond Beach, Florida. He plans to continue his volunteer work with the American Red Cross and the Diocese of Lansing. He would like to teach various management and finance courses for Central Michigan University, beginning in April 2004.

The Auditor General announces the appointments of Scott Strong to the position of Deputy Auditor General and Director of Audit Operations and Paul Green to Director of Administration.

The Michigan Office of the Auditor General’s Internet address has changed to “www.audgen.michigan.gov”.

Montana

The faces of performance audit are changing in Montana. With the retirement of Jim Nelson, the upcoming retirement of Tom Cooper, and the moving on of Kris Wilkinson to California and Susan Jensen to Internal Auditor for the state’s Department of Revenue, we have some younger talent.

Angus Maciver, Andrew Geiger, Monica Smith, and Bridget Butler have joined the staff. They bring new skills, energy, and more questions for the “different generation.” That “different generation” would be the 40 year olds and up.

Things are happenin’. Electronic working papers are in the testing mode. We have completed two complete projects with no paper. The use of Geographic Information System technology and databases to help visualize data and options is moving forward. The deputy legislative auditor is having fun. Some things never change.

New Mexico

The New Mexico legislature has just completed its session. The legislature authorized and appropriated funds for two performance auditor positions for the New Mexico Legislative Finance Committee effective July 1, 2004. If anybody is interested in moving to Santa Fe, New Mexico, please contact Manu Patel (505-986-4550) for further information on the staff openings.

Ohio

The Legislative Office of Education Oversight Committee welcomed Beckett Broh and Jennifer Pavelka as new members of its evaluation staff. In addition, J. Christopher Woolard left the committee for other employment opportunities.

South Carolina

Triple anniversary! When they started their new jobs at the Legislative Audit Council on October 17, 1983, little did they know they were making a long term commitment! Priscilla Anderson came from Mississippi where she had interned at the Mississippi PEER Committee, Andy Young from the University of South Carolina MPA program, and Perry Simpson from off the streets as a struggling actor (just kidding—he also came from USC). They have been known to go to lunch to celebrate their collective anniversary, but on October 17, 2003, they celebrated their 20th anniversary at the LAC at a very appropriate location—the NLPES Fall Training Conference in Lansing, Michigan.

How Wreid is Tihs?

Aoccdnig to a rsechearch at an Elingsh uinervtisy, it deosn’t mtaer in what oder the ltteers in a word are, the olny iprmoetnt tihng is that frist and lsat ltteer is at the rghit pclae. The rset can be a toatl mses and you can still raed it wouthit porbelm. This is bcuseae we do not raed ervy lteter by itslef but the word as a wlohe. Amzanig!
From the Editor

I am sure that most of you all (or y’all to those of us who live in the South) are busy with your legislative sessions right now. Hopefully, your reports and products are being used by your legislatures as they make important public policy decisions.

Thanks to those of you who contributed articles for this issue of the NLPES News. This newsletter certainly could not be produced without your willingness to support it with articles. One feature that is (hopefully conspicuously) absent in this issue is Small Shop Talk. Quite honestly, I couldn’t think of a topic that we haven’t covered in some past issue. Therefore, I need your help in suggesting some new topics or items of interest for the small shop feature in future issues. Any help will be appreciated!

James Barber