

Auditing in Flux

Ben Thompson

October 20, 2023



- Speak truth to power
- Constantly learning and doing new things
- Work with great people



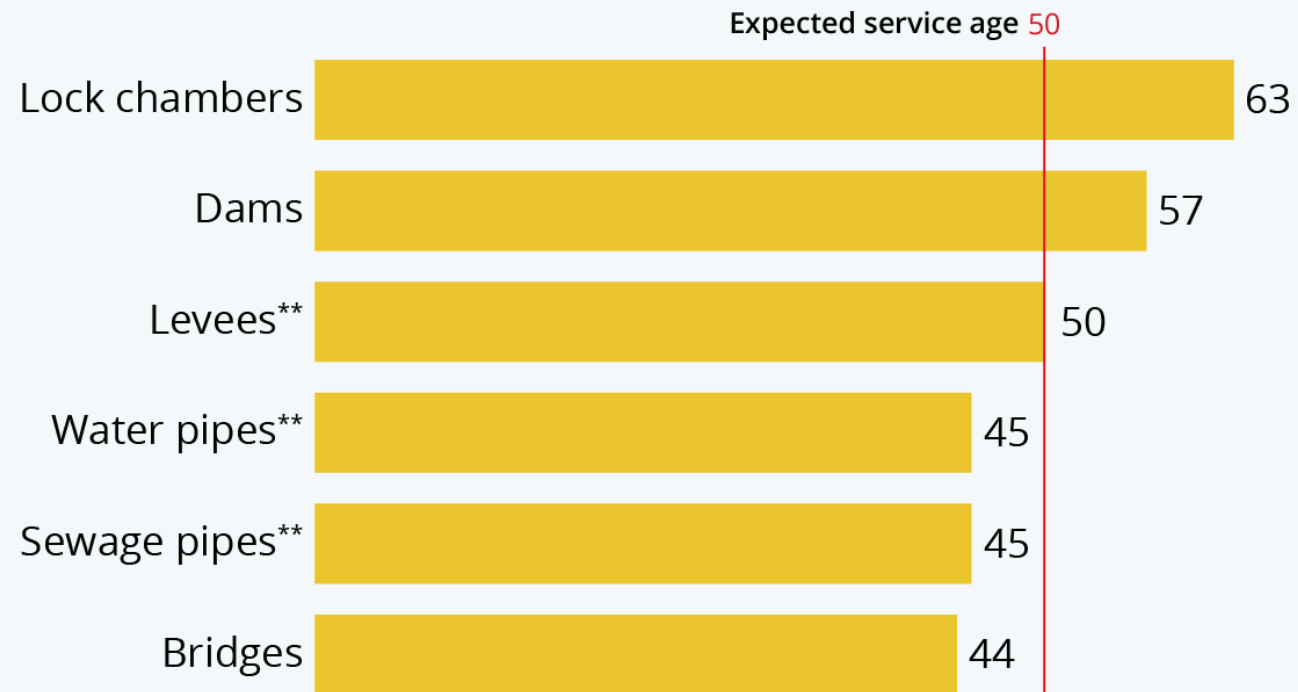
Minor Threats

Threat 1: Lack of Resources

- Inflation
- Expanding responsibilities
- New demands to rebalance historic inequities
- Increasing costs to maintain infrastructure

The Age of American Infrastructure

Average age of different types of infrastructure in the U.S. 2020-2021* (in years)



* lock chambers: 2017 ** 50-100 years for some

Sources: American Society of Civil Engineers, U.S. Army Corps of Engineers

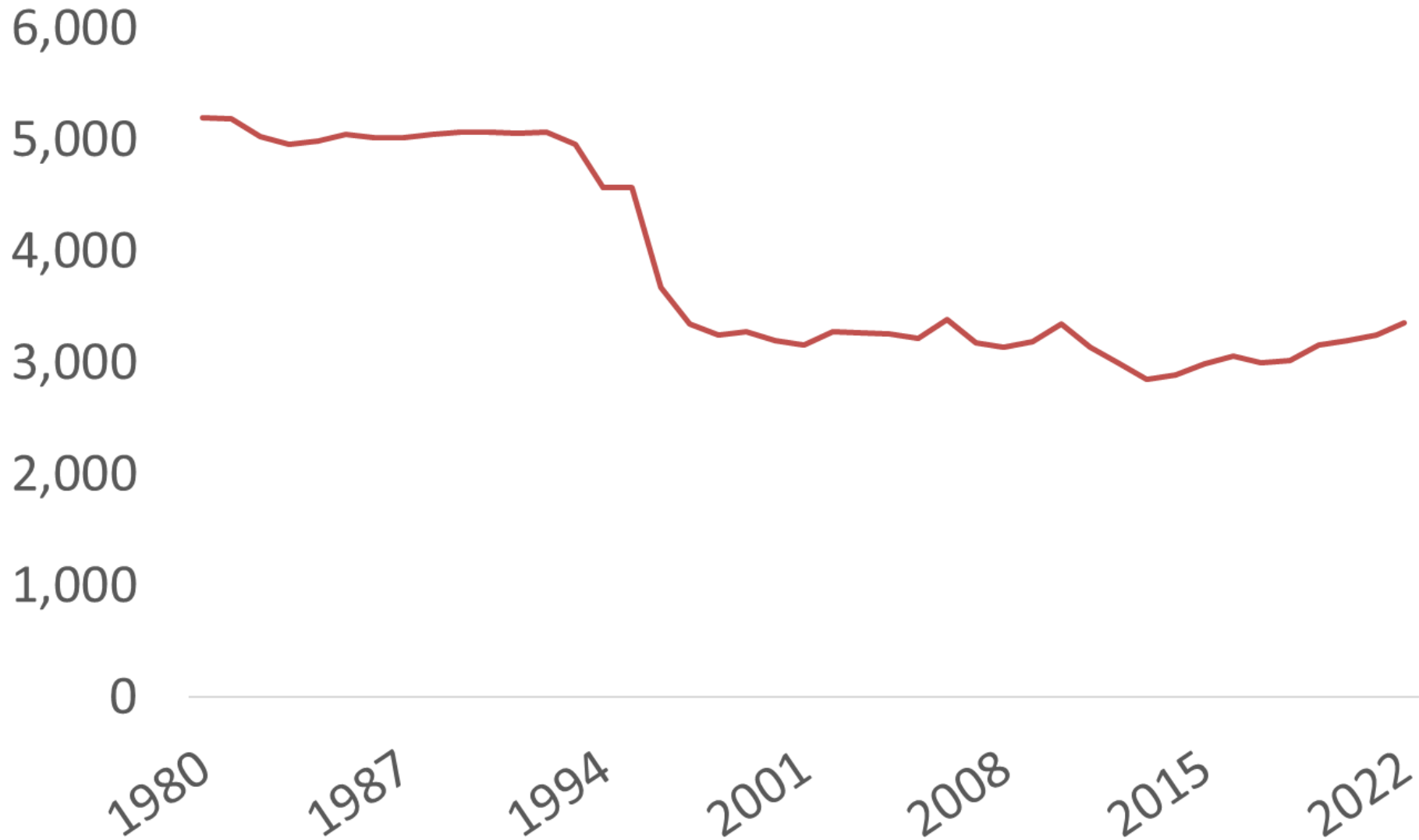
Threat 2: Exodus of People

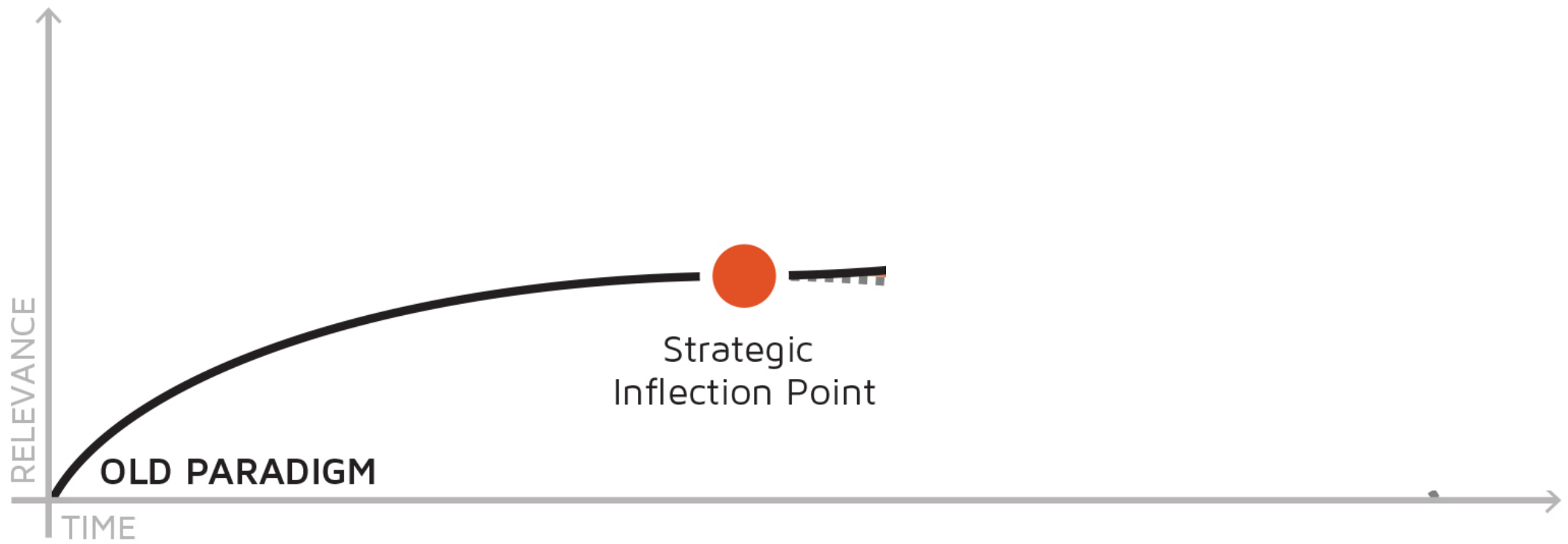
- Boomers are leaving the workforce
- Losing institutional knowledge
- Difficult to replace

Threat 3: Erosion of Trust in Institutions

- Narrative that government is the problem
- Persistence of misinformation
- 40% of Americans believe:
 - “There is a single group of people who secretly control events and rule the world together”
- Attacks on journalists and election workers

Historical GAO Staffing Levels







Agenda

- Working with auditees
- Office
- Yourself

Caveats:

- Speaking for myself
- Informed by who I am
- Some questions and maybe answers



The future's here already. It's just
unevenly distributed.

— *William Gibson* —

AZ QUOTES

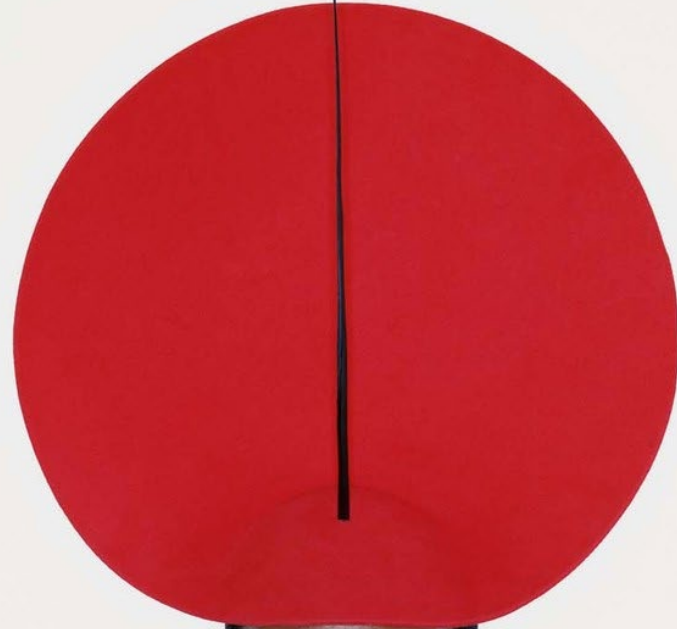
AUDIT
FINDINGS
REPORT



Working with Auditees

THE AUDIT COMMITTEE ASSESSES THE QUALITY
OF EXTERNAL AUDIT

Let Grace Prevail



Succession Planning

1. We are working on a cloning machine
2. We are going to do a mind meld
3. We are going to document everything X person does and give that document to their successor

Succession Planning – what to do

- Encourage attempts to simplify processes and identify standard work
- Try to interview people who are leaving
- Question whether position is still needed

Interim audits or technical papers could help

- Issue interim audit and come back
- Provide “answers” to the test to the auditee and then conduct the audit

Technical papers



KING COUNTY AUDITOR'S OFFICE
JUNE 1, 2021

Maximizing Impact with Limited Resources—Programmatic Alternatives Analysis: Essential Concepts and Audit Criteria

An investment in which there are more projects and initiatives than there is funding, it is essential for King County to prioritize the activities that are most likely to help it achieve its goals. One tool agencies can use to help ensure this prioritization is the programmatic alternatives analysis. This technical paper summarizes key elements of effective programmatic alternatives analysis in a questionnaire format that agencies can use to assess their own processes.

Alternatives analysis is the comparison of options for achieving an objective, and it includes analysis of the costs, risks, and effectiveness of each alternative to determine which is most likely to help an agency achieve its goals. Within county agencies, alternatives analysis can occur at various levels, i.e., project, program, sub-program, and portfolio and for a range of types of investments, e.g., capital projects or provision of services. In programmatic alternatives analysis, we are referring to the decision-making processes agencies use to ensure they fund their programs, or sets of projects, that will help the agency achieve its goals and objectives.


For example, programmatic alternatives analysis occurs when agencies seek a program or portfolio of individual projects for implementation to help ensure the most beneficial work is completed, or a completed but, in the capital project environment, agencies use programmatic alternatives analysis to allocate resources among different projects in the Capital Investment Program (CIP), deciding which provides the most value in achieving the agency's and the county's goals. In contrast, project-level alternatives analysis can help an agency select the best option for completing an individual project. Whereas project-level alternatives analysis can help an agency identify the best route for a trail or the best technology for a water treatment facility, programmatic alternatives analysis helps an agency identify which trails or water treatment facilities should be funded and prioritized for construction.

We developed this questionnaire to assist with our review of agencies' programmatic alternatives analysis practices knowing it would need to be scaled for different types and sizes of programs and that not all agencies would apply it to all areas. However, here are key principles that apply to all areas. These include:

- Analyze various low and high cost projects meet the organization's needs and strategic objectives.
- Establish a methodology to assess the costs, benefits, and risks of competing projects and allocate consistently and equitably.
- Analysis is complemented by ongoing monitoring to best results, measure performance at both the project and program levels, and identify course corrections as needed.

In this document, we use the term "programmatic alternatives analysis" to refer generally to issues at both the program and portfolio levels in the County agencies. In naming this document, we used the term "program" with "portfolio" or "sub-portfolio" if that level of organization is more appropriate in a particular agency.

Jun 2021
Alternatives Analysis



KING COUNTY AUDITOR'S OFFICE
APRIL 25, 2021

Customer Service Criteria: Agency and Executive-Level Criteria for Customer Service Practices

This technical paper provides fundamental practices (criteria) for ensuring high-quality customer service, in two tables. The first table is targeted at agencies, and the second is focused on the executive level—the county executive or other elected officials. Together, both tables address the essential components for effective customer service practices across King County's services. A glossary on page seven provides definitions of key terms. The sources for the criteria are directly listed in each table, at the end of this document and are also available on the [Glossary/Source Log](#) page on the King County Auditor's Office website.

In performing our audit work, the Auditor's Office took to the practices in the tables when evaluating customer service. Agencies with these components at the time of the audit, the differences could form the basis for audit findings and recommendations. Audits will not be based on these components, unless the assessment and the related rates and wherever will be used as initial criteria for assessing the effectiveness of operations. The tables include many practices already in place in King County.

King County government provides locally responsive, quality urban local and regional services for housing, care, and other communities. "Delivering quality urban local services means knowing your customers, understanding their needs, and ensuring their satisfaction. These criteria summarize King County's commitment to ensuring that customer service meets high-quality standards." — Mayor Daley

These fundamental practices originate in criteria an effective customer service from federal government and King County reference sources. We also worked with subject matter experts and leaders at nine county locations, including the Office of Performance, Strategy, and Budget and the Department of Human Resources.

The Agency Criteria Table

The Agency-focused table is meant to be flexible for agencies of different sizes and services. The table is divided into three segments: Strategic Planning, Culture, and Implementation.

In using the table, first review each of the criteria elements and consider their program and district. How do your agency's current activities meet that standard? What would you like your agency to do to meet the item? How do you measure success? Identify the needs and challenges for your agency and categorize ways to address them. There may be multiple ways to meet each criterion.

In some cases, implementation may require partnering with the county's customer service experts: the county customer service officer, customer engagement specialists at the Office of Performance, Strategy, and Budget, equity and social justice partners through the County's Office of Equity and Social Justice, gear work with agencies with similar customers and/or services, and Department of Information Technology systems managers.



May 2021
Customer Service



KING COUNTY AUDITOR'S OFFICE
OCTOBER 26, 2020

Foundational Elements of Department Management: Essential Tools and Audit Criteria

This technical paper describes core components of effective organizational management. These are the foundational parts of a system of management that allow building to plan and control its work and achieve desired results. When we perform our audits, the King County Auditor's Office will look for these management components, among others, to evaluate a department, office, agency, or unit's effectiveness. If agencies lack these components at the time of an audit, deficiencies could form the basis for audit findings and recommendations. Audits will not be based on missing these components, rather, the King County Auditor's Office will use the document as initial criteria for assessing the effectiveness of operations.

This paper references some practices already included in King County Code and in other county guidance. It also builds on these existing practices to help managers advance their department's alignment.

The PDCA Cycle

The Plan-Do-Check-Adjust (PDCA) cycle, incorporated in the King County Management Model, is an established method for continuous improvement. This technical paper will use the PDCA cycle as a framework to categorize the specific, definable steps used in a management system.

The PDCA cycle has four iterative steps:



- PLAN** Establish objectives and processes in order to deliver the desired results.
- DO** Execute the plan developed from the previous step.
- CHECK** Evaluate the data and results gathered from the plan.
- ADJUST** Improve the process through better instructions, standards, or goals through the next planning phase.

Source: King County Auditor's Office

For the purpose of this technical paper, the word "department" will be used to mean departments, sector offices, and other results implementation units.

The key components of effective management listed in the PDCA cycle are also referenced within the [Guidelines for Internal Control](#) document.

2020
Governance



KING COUNTY AUDITOR'S OFFICE

PRINCIPLES OF COST ANALYSIS

The Auditor's Office developed a white paper sharing the guidance and tips when evaluating cost analysis.

The white paper includes guidance information that should be disseminated to the agencies, and to the extent that are being provided to competing alternatives.

This document provides a visual description of these principles.



2017
Cost Analysis Infographic



King County Auditor's Office
Snyder Walstrom, King County Auditor

WHITE PAPER
JUNE 2016

ESSENTIAL BEST PRACTICES FOR COST-BENEFIT ANALYSIS

The purpose of this white paper is to provide to the various staff of King County, Auditor's Office, a guide to the use of cost-benefit analysis in the evaluation of capital projects. The white paper provides a review of key concepts and best practices that should be followed when developing and using cost-benefit analysis and includes all the key pieces for analysis when the level of benefits is different among alternatives. The section on criteria provides a list of individual components of analysis that would be used to build conclusions in evaluating and analyzing. There are also a list of definitions and resources at the end of the document. As the Auditor's Office reviews the analysis of alternatives in the future, we will use the guidance and principles from this document as a starting point for our evaluations.

Guidelines for Cost-benefit

Expensive development is a tool and associated guidance for analysis conducted within that agency. Components that should be included in a departmental cost analysis guidelines and include:

- Specific criteria for which projects or program alternatives should be subject to cost-benefit analysis or cost-benefit analysis.
- The parameters of the project/program to be analyzed.
- Elements that signal when analysis should occur or be applied to ensure the continued viability of selected alternatives, such as:
 - Being used in conceptual or planning stage of program development
 - on 30%, 60%, 90%, or 100% design, as appropriate
 - major decision points that require cost-benefit analysis, such as: major changes that impact the availability and pricing of energy, materials, or other major cost components.
- The level of detail that is appropriate at each of the benchmarks.
- Information that should be included in the analysis and where applicable sources for detailed cost-benefit analysis can be found.
- The information required in the analysis, such as:
 - Identifying cost of benefits alternatives including a "status quo" alternative
 - Identifying the project completion date and estimate of useful life
 - Identifying cash flow estimates for each alternative
 - performing cost-benefit analysis, and cost-benefit analysis
 - comparing alternatives
 - selecting cost-benefit alternatives, with discounted values, to recommend an alternative.

King County Auditor's Office — Cost-Benefit Best Practices for Comparing Alternatives

2016
Cost Analysis



King County Auditor's Office
Snyder Walstrom, King County Auditor

WHITE PAPER
JUNE 2016

Goal Planning: Key Elements of a Performance Management Framework

This white paper introduces and explains core elements of the King County Auditor's Office will use when evaluating goal planning. A table in the table provides a list of key elements that should be included in a goal plan to ensure it is aligned with the Auditor's Office system goal structure in the future, as well as the principles included in this document as a starting point for the analysis.

What are the elements of an effective goal area plan?

A goal area plan is a series of aligned and related elements that, when taken together, chart a roadmap to achieve a strategic goal. Under each broad approval goal, a framework should include goals, objectives, strategies, activities, and actions.

Goal development should involve both managers with a strategic perspective and low-level staff with direct program responsibilities. They should be clear on the strategy, how the goal area plan will be implemented, budgeting, and how the process is measured for the likelihood of achieving the goal. Any gaps or deficiencies between elements of the plan should be acknowledged and documented. It may also be appropriate to include reports and other mechanisms to ensure effective execution and progress.



Source: King County Auditor's Office based on a review of strategic planning and performance management frameworks.

The table below provides a summary of the King County Code 14.01.010 to 14.01.015, which defines the goal planning process. The table is not intended to be a substitute for the full text of the code. For more information, please refer to the King County Code 14.01.010 to 14.01.015.

King County Auditor's Office — Goal Planning: Key Elements of Performance Management Framework

2016
Goal Planning

Get agreement on criteria early

- Is it reasonable?
- Is it feasible?

Consider capacity when making recs

- Ask who is going to do this?
- Planning, strategy, and training staff are typically first to go and last to come back
- Are you setting them up to fail?

No time for rock collecting exercises

- Auditees may need help implementing recs
- How can you maintain independence while not being a jerk?

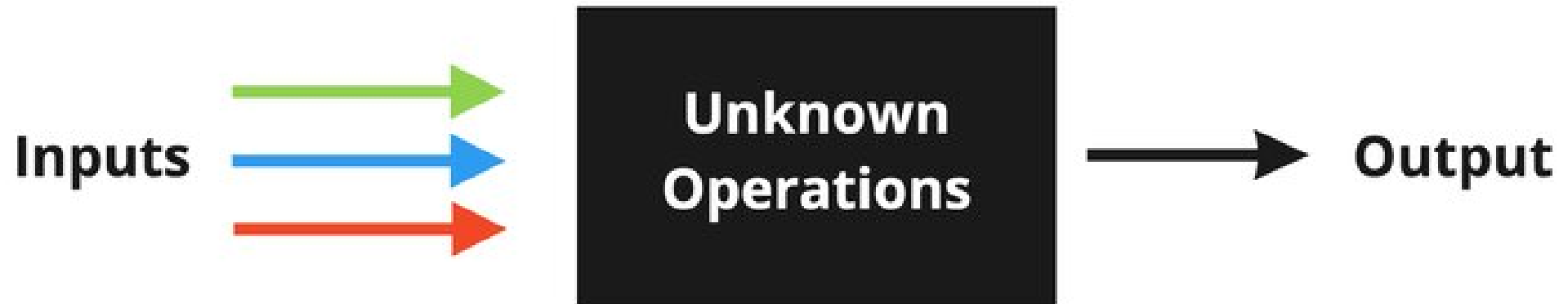
Recs to add resources are off the table

- Prioritization is key
- Always Be Triaging (ABT) should be the message

Prioritization needs to be explicit

- What can we no longer do?
- What risks increase?
- Who decides?

Beware of mysterious systems “opaque boxes”



How to tell you are dealing with an opaque box

- Is there a data dictionary or system documentation?
- Did your organization create this system or query?
- Are the number of errors increasing?
- Can anyone explain or update calculations?

Revisit Capital Projects Alternatives Analysis

- Mostly done pre-pandemic
- Costs and benefits have changed
- Encourage auditee to ask do we still need this project?

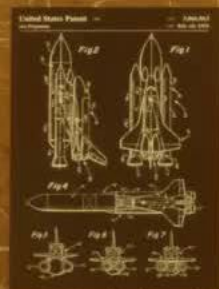
Conclusion – Working with Auditees

- Lead with Grace
- Consider Capacity in Making Recs
- Always Be Triaging
- Prioritization Not New Resources are Key
- Beware of Opaque Boxes
- Need to Update Capital Project Alternatives Analysis

The Office

NO INSTAGRAM
ALLOWED ON PREMISES

DEPOSIT
IPHONES
HERE



BAR
→

ELEVATOR
→

MOON
→

THERMAL BATHS
←

BTC VENDING



MINING
TOWER

EXIT



Let Grace Prevail



Hiring good people is paramount

- Challenges to replacing staff
- Better to defer hiring versus hiring a poor fit
- Use the trial period, if you make a mistake, fix it
- Internships are long interviews

I tell it like it is




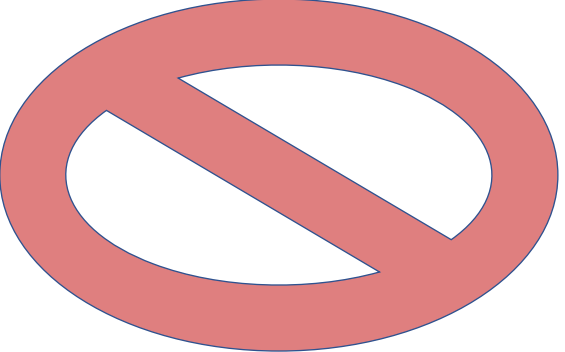
I don't pull any punches

I am not PC

Choosing audits that matter

- Risk assessment is not enough
- Broaden input pool
- Don't ask "what should we audit"

Impact

Effort

Walking away from audits

- Opportunity costs for both your office and auditee

Increasing scrutiny of impact

- Be careful about heavy reliance on cost savings
- Tendency will be quantification because seems objective and compelling
- Be cautious of oversimplification of what we do and our impact

Equity related findings and audits more important

- Easy to make promises when times are good
- Entering into zero-sum games with winners and losers
- We can and should hold leaders accountable for promises and commitments

Titles and summaries are key

- Always my least favorite part of audit writing
- Think about if they can stand on their own, especially chart titles
- Proportion time on these parts compared to number of reads

Audit thyself

- What does your staff hate doing?
- What adds value and what is a waste of time?
- Because “we have always done it” no longer good enough

Conclusion – The Office

- Lead with Grace
- Hire Well
- Choose Audits That Matter and Walk Away From Those That Don't
- Audit Story, Titles, and Summaries Are Key
- Audit Thyself

YOU.

Eliminate barriers to leaving your current job

- Identify barriers and eliminate
 - Lack of a professional network
 - Outdated resume
 - Lack certification or skills

Take positive steps to enhance flexibility

- Keep track of your accomplishments
- Maintain a current resume
- Go on informational interviews
- Know what else is out there

Be careful about what you write down

- Weaponization of public disclosure requests

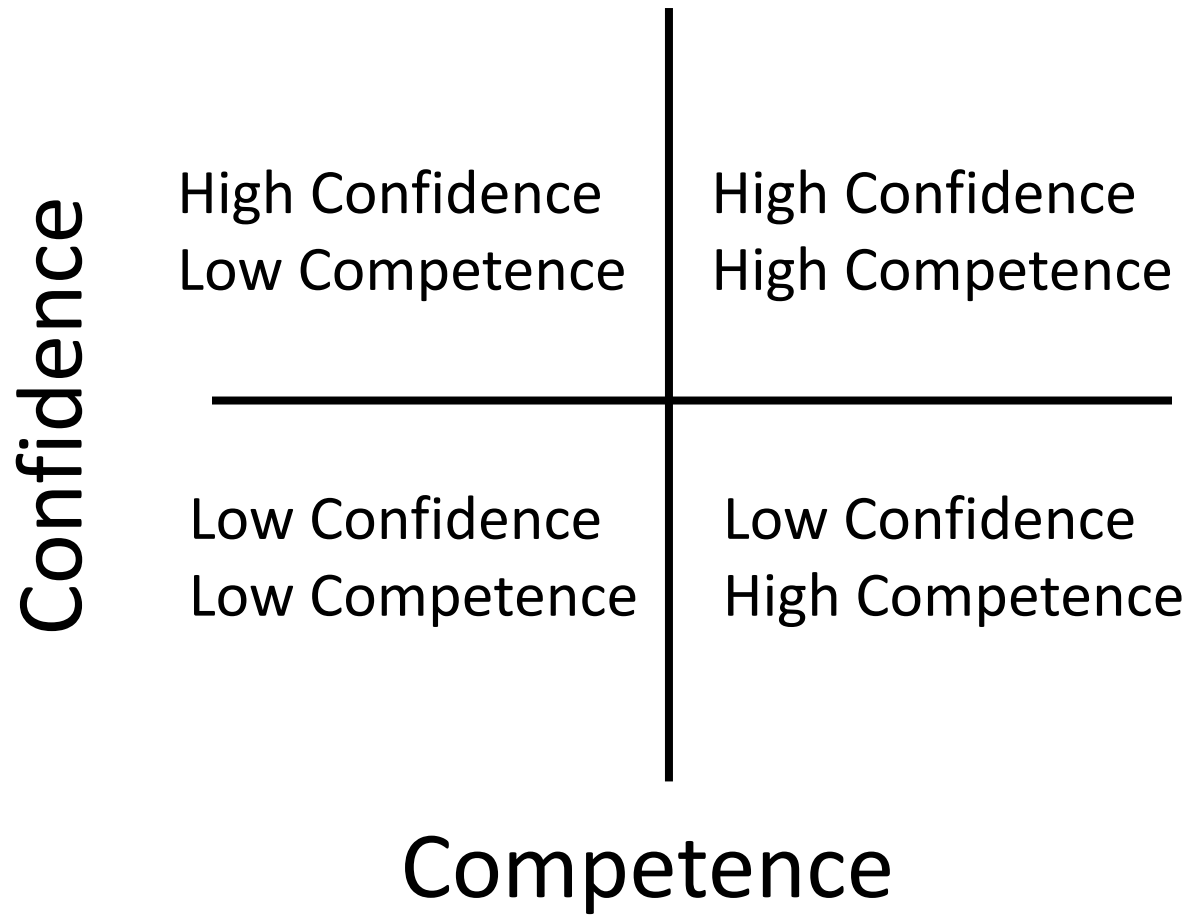
Own your flaws

- Do not try to disguise your flaws as character traits

The Golden Rule:
Treat others the
way YOU want to be
treated.

Treat people how they wanted to be treated

- Need to know yourself and the people you work with



Tailor your feedback accordingly

- *High Confidence, Low Competence* are going to generally be defensive
- *Low Confidence, High Competence* will already know their issues, focus on what to do about them

Do things for others

- Boards are a great place to look
- Don't need to be big
- Just meaningful to you





Carry a handkerchief

List of things to consider:

- **Lead with Grace**
- **Always be Triaging**
- **Consider Impact and Effort**
- **Maintain/Enhance Equity Focus**
- **Tell Stories with your Audits**
- **Hire Good People**
- **Beware the Golden Rule**

The End