

Performance Audits for Local Government Clients

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GOVERNMENT CLIENTS

What is a Performance Audit?

Provide elected officials and government employees with an objective, third-party analysis of their operations to help them:

Improve
Performance

Reduce
Costs

Make
Informed,
Data-Driven
Decisions



Performance Audit Principles:

The principles guiding performance auditing are often called the "Three E's":

ECONOMY

Keeping the costs low

EFFICIENCY

Getting the most out of available resources

EFFECTIVENESS

Achieving the objectives or goals of the program

Key Standards and Practices

- Integrity** - Providing independent assurance on success claimed by government
- Accountability** - Helping to hold the executive to account for its performance
- Transparency** - By publishing new information, we can shine a light on how public resources are used
- New Insights** - Applying analytical techniques that have not yet been used by government; Sharing best practices from Ohio and nationwide; Offering insight based on experience of auditing similar activities in other departments.
- Making practical recommendations** - Including recommendations in performance audit reports that enable the audited entity to improve its performance
- Clarifying complexity** - Providing an easy-to-digest summary of complex topics

Methods

Peer Benchmarks

Local Peers

- Geographically adjacent (in most cases)
- Used for local labor market comparisons

Primary Peers

- Better performing (academically)
- Lower spending districts

Best Practices/Standards

Criteria used for certain analyses where they exist

- Examples: planning, facilities, transportation

Key Points about Performance Audits

- Performance audits are collaborative.** They require the participation of the organization being audited.
- Common performance audit areas include program results/operations, staffing, compensation, contract management, and facility, fleet, and asset use.**
- Performance audits adhere to government auditing standards.**
- Cost for an audit varies based on depth and breadth of work performed.** The Auditor of State's office works for taxpayers and keeps audit costs low.



Performance Audits are all about questions....the questions we seek to answer determine the results of the audit.



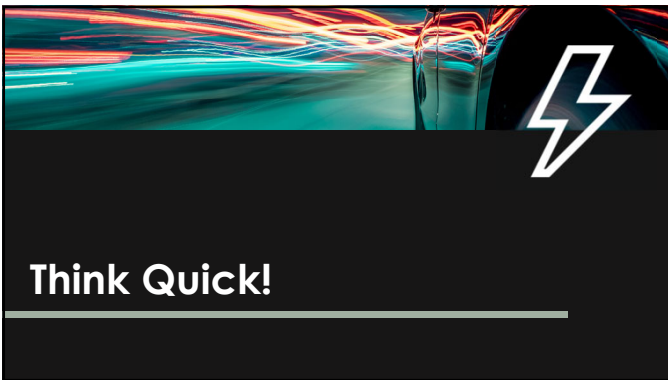
What questions do you have about your operations?

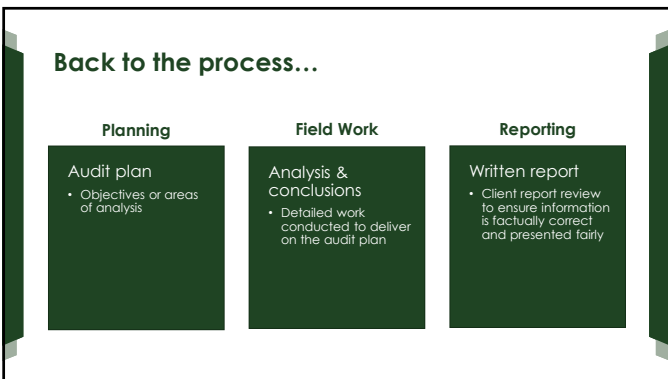
Questions we have answered in the past:
Client A

Question	Analysis	Solution
Are our IT services on par with our peers?	Cost/Benefit Analysis of various server replacement options	The City used the results of the cost/benefit analysis to inform its selection of a vendor
What is happening in our finance department? We have upcoming turnover and nothing is documented.	Process Mapping event was held that documented the current state and developed a future state	The City implemented the new process
Are we purchasing our fleet in the most efficient manner?	Cost/Benefit Analysis of leasing vs. purchase	The City elected to move to a leasing model

Questions we have answered in the past: Client B

Question	Analysis	Solution
We are running out of money. Where can we be more efficient to save money?	<ul style="list-style-type: none">• Staffing analysis based on workload ratios compared to like operations• Insurance analysis• Salary analysis to have facts going into bargaining unit negotiations• Fees for service analysis	Each of the solutions included a cost savings or additional revenue generation calculation





Building Recommendations

1. Financial Implications

Wherever OPT can be reasonably assured of a financial savings that can be calculated for an objective that asks a question related to efficiency, a financial impact will be calculated.

2. Policy/Process- No Financial Implication

Recommendations that cannot be reasonably calculated (ex: certain CBA provisions), still made but no financial implication is indicated in report.

3. Other Considerations

Issues for Further Study

Noting items that may come up during the course of the audit but may be out of scope for the project.

Key Observations

Sometimes we may note important facts that do not lead to any particular recommendation but should be noted for transparency purposes.

Who We Are: Our Team

- The Ohio Performance Team (OPT) is made up of professionals from diverse backgrounds.
- Our team has a blend of government/public sector and industry/private sector backgrounds.
- OPT has in-depth experience in research, operations, data analysis, and management.



Questions?



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