



# Identifying and Documenting Audit Accomplishments

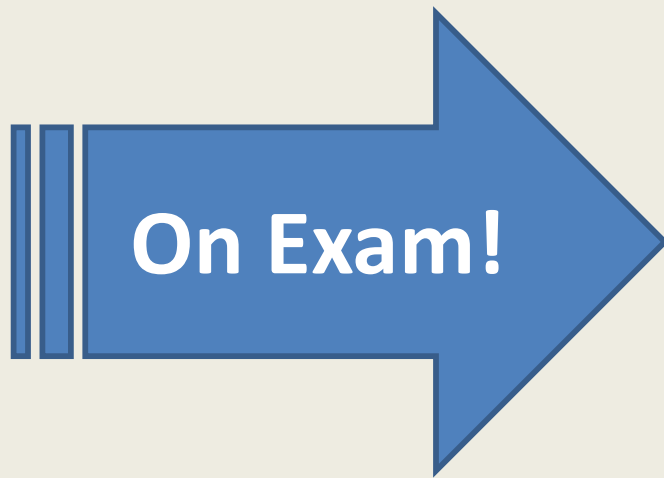
**Presented by**

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# Questions/Comments?



# Caveats

- Information provided is my personal views/opinions, not that of GAO;
- No financial compensation received from AIG or GAO.

**Remember! “Displaying your accomplishments is a great motivator to keep striving for more success in the future.”**



Source: <http://blog.blindster.com/back-to-school-tips-for-kids-rooms/>

# Objective:

We will learn leading practices for how to:

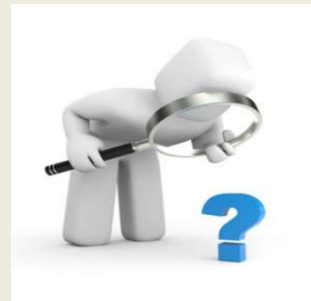
- **Define** types of monetary and non-monetary benefits prompted by audit recommendations.
- **Measure** monetary and non-monetary audit accomplishments stemming from those benefits.
- **Identify** key components of a well-written audit accomplishments report.

# Introduction

- Historically, we as auditors (private and public) identify feasible and fiscally conservative recommendations for corrective actions.
- So, our audit value is often gauged by success in identifying cost saving measures with “beneficial outcomes.”
- What are beneficial outcomes? Outcomes that actually help auditees achieve program objectives and provide the ***greatest return on the time and money spent addressing our findings and implementing our recommendations.***

# Monetary and Non-Monetary Accomplishments

- Monetary accomplishments those that result in dollars saved, costs avoided, and/or dollars returned (offset by amount auditee spent saving, avoiding, and returning)
  - Funds put to better use
  - Addressing detection of questioned/disallowed costs
- Non-monetary accomplishments are improvements that cannot be defined in dollars.



# Funds Put to Better Use

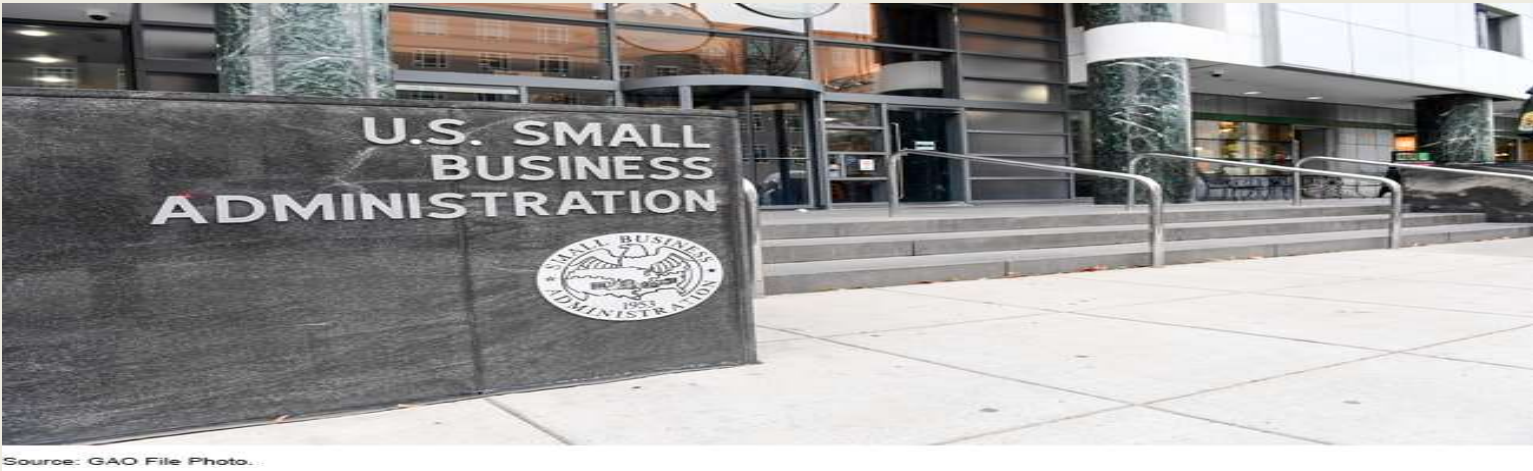
- Reduction of improper payments
- De-obligation of funds due to duplicative or inefficient/ineffective programs or operations
- Agencies consolidated or not being reauthorized
- Other costs avoided, saved, and/or returned by addressing OIG findings and/or recs.



# Questioned/Disallowed Costs

- Violations (or possible violations) of law, regulation, contract, grant, cooperative agreement, or other document governing the expenditure of funds
- Costs that, at the time of the audit, are not supported by adequate documentation
- Unnecessary or unreasonable costs associated with expenditure of funds under contracts subject to specific cost provisions

# Small Business Administration: Steps Taken to Verify Tribal Recognition for 8(a) Program (GAO-22-104146)



Source: GAO File Photo.

### Analysis of applications

GAO examined 133 applications from fiscal years 2018 through 2020 for business owners that claimed an association with a federally or state-recognized Indian tribe.

- ✓ 122 were certified by the Small Business Administration (SBA) to participate in the 8(a) program
- ✗ 11 were denied by SBA based on not meeting program requirements other than tribal recognition

**GAO's analysis found that the Indian tribe associated with one of the certified applications was not recognized federally as the applicant claimed.**

### Covert testing

In fiscal year 2021, GAO created four fictitious individually owned applicant businesses that claimed an association with a fictitious Indian tribe.

- Covert test 1
- Covert test 2
- Covert test 3
- Covert test 4

**GAO's illustrative covert testing results demonstrated that SBA took steps during its screening process to verify the recognition status of the fictitious Indian tribes.**

# Questioned/Disallowed Costs-Continued

- Improper payments
- Overbillings
- Intentional program violations
- Inappropriate charges
- Unauthorized/illegal expenditures
- Results from **investigative referrals** to agency or OIG:
  - **Court-ordered repayments/restitution** of money lost through crime or program abuse (i.e., proven fraud/intentional program violations)
  - **Court-ordered fines** as a result of crime or program abuse
  - **Government recoveries** of lost funds/improper payments through administrative agency hearing/rulings/actions.

# What about Non-Monetary Accomplishments?

Did your work/findings result in:

- statutory, regulatory, and/or policy changes?
- agencies taking action to improve government services, programs, or operations?

# Quiz: Disallowed/Questionable Costs or Non-Financial? Why/Why not?



- EXIM provides financing to support U.S. jobs and companies selling U.S. goods/services abroad.
- EXIM requires companies applying for certain financing to **self-certify/report** on applications that they **do not** have delinquent federal debt. Financial pressures that stem from such debt can tempt companies to fraudulently apply for financing.
- After analyzing federal data, GAO identified billions of dollars in authorized EXIM transactions associated with dozens of companies that potentially had such debt.

# Examples of Non-Monetary Accomplishments

- Audit findings and recommendations resulting in identifying addressing skills gaps in mission-critical occupations;
- Audit findings and recommendations resulting in federal agency providing active duty service members, veterans, and their families with better care from improved management of DOD and VA health care programs.

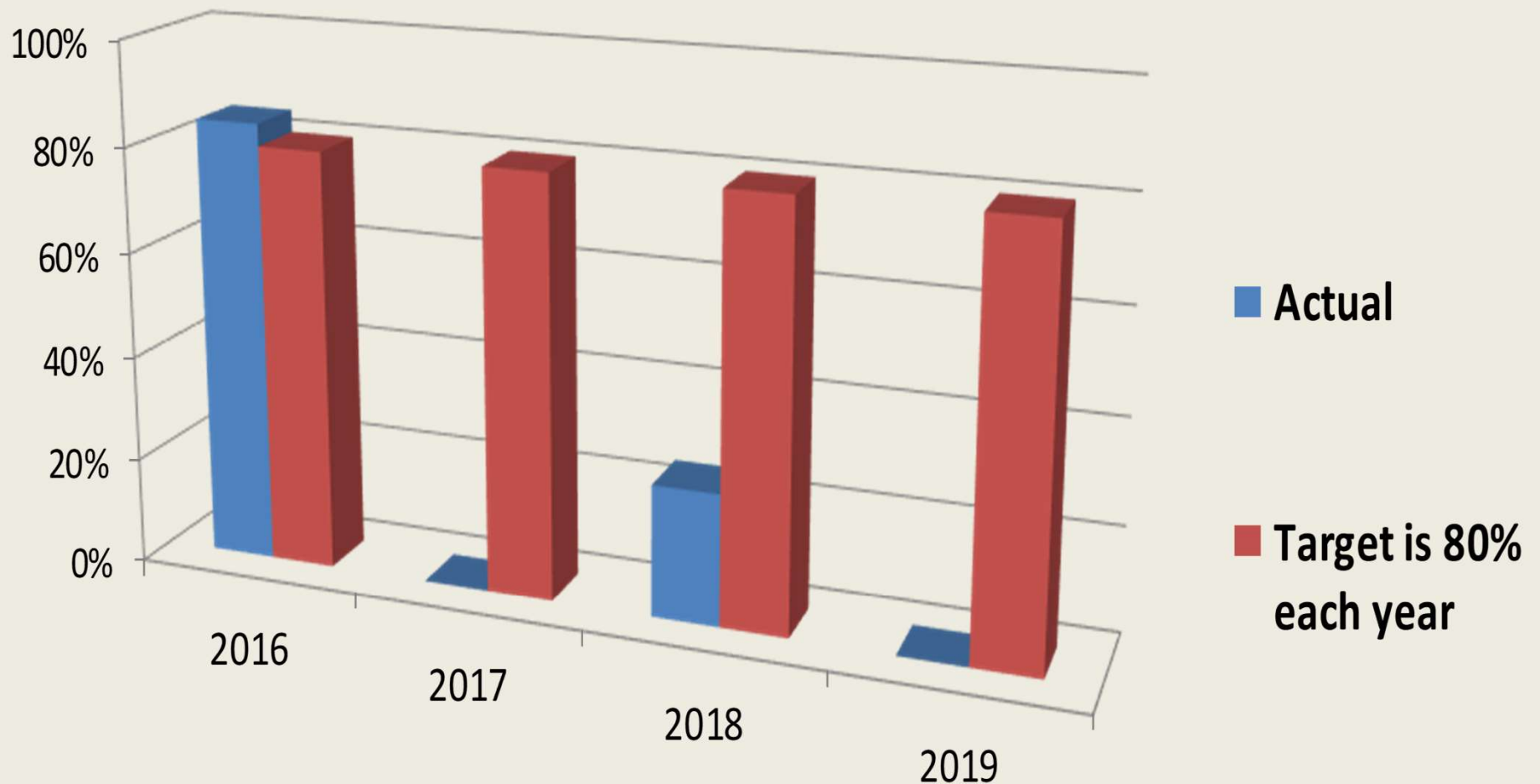
# Performance Measures for Accomplishments

How to measure and report (internally/externally) monetary and non-monetary accomplishments (addressed findings/recommendations)?

- *Percentage, dollars, or numbers of accomplishments accomplished*
- *Recommendations implemented versus target for defined period (e.g., annually)*

# Caveat: Environmental Factors Can Impact Actual vs. Target Implementation

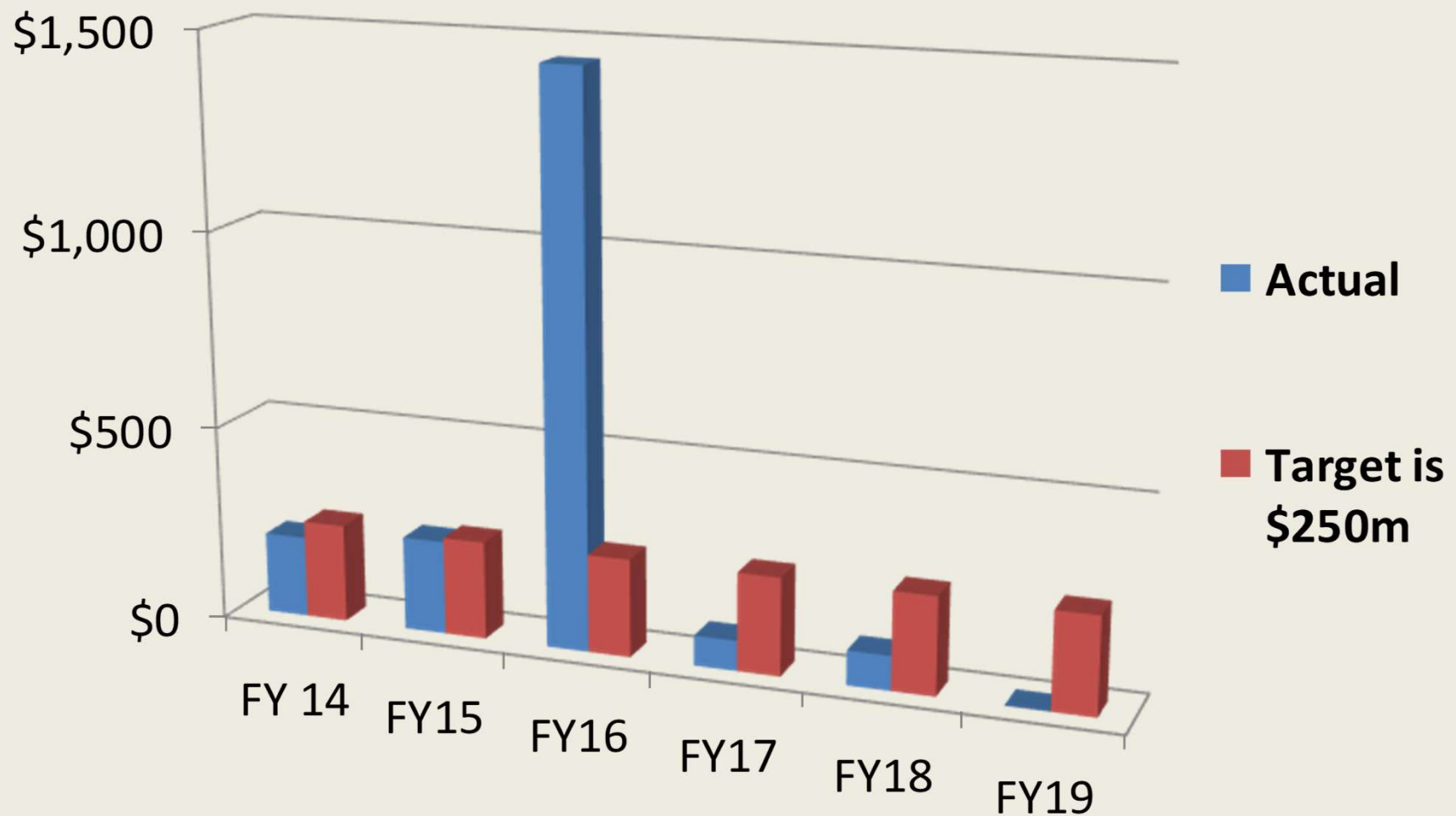
Percentage of Recommendations Implemented  
as of December 2019



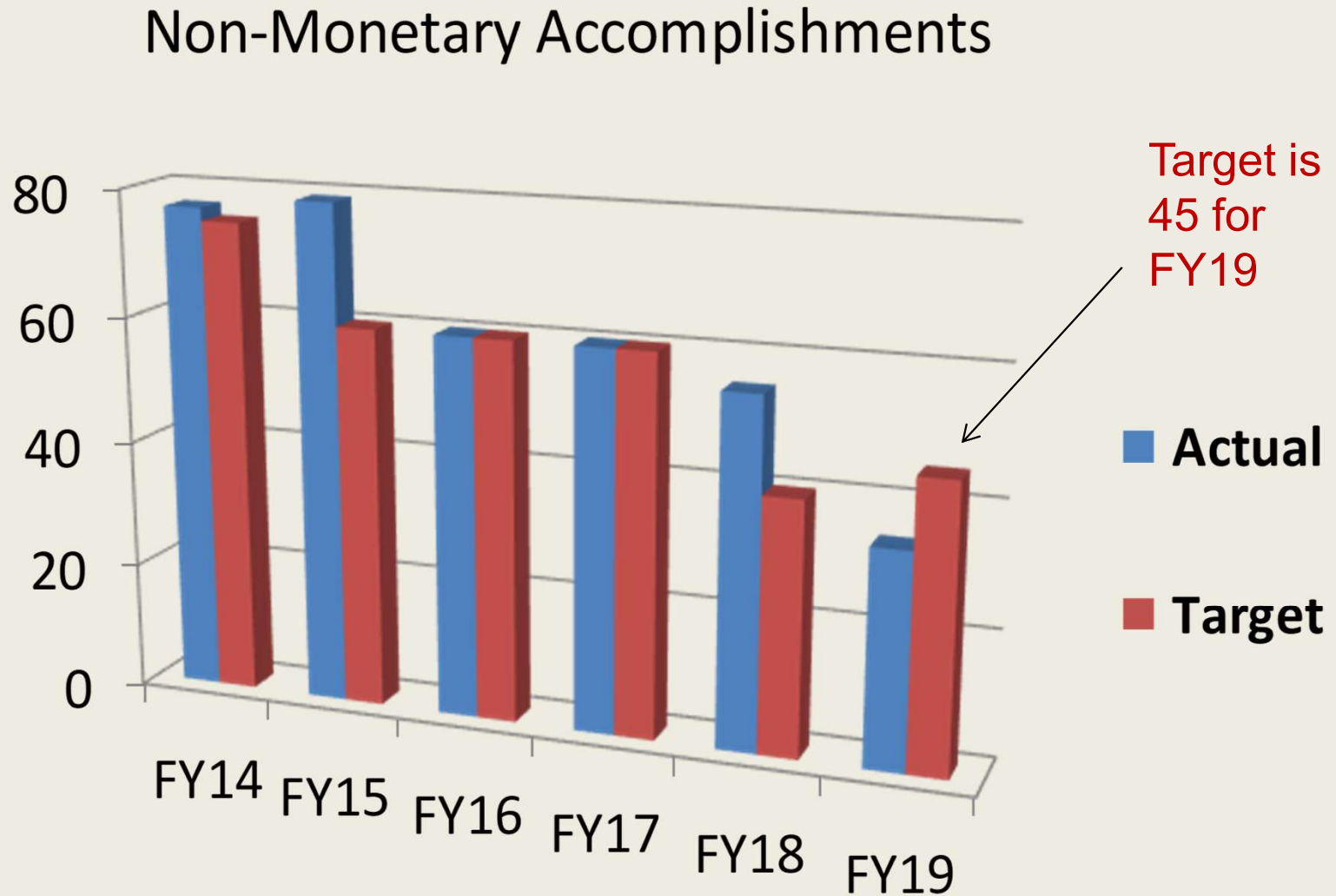


# Caveat: Environmental Factors Can Impact Actual vs. Target Dollars

## Monetary Accomplishments (in millions)



# Number of Non-Monetary Accomplishments Implemented (Actual vs. Target)



# How does GAO document and report its accomplishments?

- Prepare what GAO calls an “**accomplishment report (AR).**”
- Do so whenever your work *results in or significantly contributes to monetary or non-monetary accomplishments that stem from your audit findings or recommendations.*

# Accomplishment Reports



## 1. First, determine what action the agency took.

To claim a benefit and report an accomplishment:

- Agency action should be ***completed or substantially completed*** and agency ***documentation must reflect this***. Statements that action will be taken are insufficient.
- Action should have been ***taken within a defined period of time*** (e.g., within the past 2 fiscal years) of reporting the accomplishment.
- Must be a ***cause and effect relationship*** between your work, the agency action, and the improvement.

# Accomplishment Reports

## **2. Second, determine whether you have a reasonable basis for claiming a benefit.**

What is a reasonable basis?

- ***Your work preceded the action taken and contributed to the improvement/benefit*** (i.e., your work influenced positive change).

***3. Third, document the connection between the improvement/benefit reported and your work*** (Note: Your work during the audit (before it was concluded) could have also influenced change!): So, document:

- 1) what you found/reported;
- 2) what you recommended/suggested;
- 3) the agency/legislative action in response to your recommendation(s)/actions; and
- 4) the positive impact resulting from the agency's/legislature's action.

# Quiz



In FY21, you determined a contractor was presenting misleading information about a product to an auditee and referred this to auditee management. In FY22, management told you that it was *planning* to take legal action against the company to prevent the company from making similar claims in the future.

**Can you claim an accomplishment for this work in FY22, given that you referred the company in FY21? What type of accomplishment (monetary or non-monetary)? Why?**

# Quiz!

- In Sept. 2022, you had sent your draft report to the agency for comment. That report included your recommendation to check the death master file and noted why this is a leading practice.
- In Oct. 2022, before you issued your report, the state unemployment office sent you an email along with agency comments on your draft report. The email stated that the agency recently decided to enter into an agreement with SSA to perform a one-time match of beneficiary rolls against the death master file.
- In Nov. 2022, you still published an audit report that recommended that the agency consider the feasibility of regularly checking the Social Security Administration's death master file to prevent improper payments going to deceased individuals, and if feasible regularly implement this practice.
- **Would you claim this as an accomplished benefit (monetary/non-monetary)? Why/why not?**

# Reminder: Elements of an Accomplishment Report



Include the following elements:

- **succinct report heading/title** that describes positive impact
- short paragraph/narrative describing value of your work and clearly telling a cold reader:
  - **what you found**/reported;
  - **what you recommended**/suggested (if applicable);
  - **agency/legislative action in response** to your findings or recommendation(s) (NOT WHAT IT “PLANS” TO DO!); and
  - **positive impact** resulting from the action taken.



# Example of a Non-Monetary Accomplishment Report

Title: State Agency Improved Watch Contractor System's Search Capabilities.

Summary: In February 2017, we reported on improper contracts and payments attributed to ineffective management of the State Agency's (SA) Watch Contractor System (WCS). Specifically, we found that the WCS had insufficient search capabilities for agencies to use to identify suspended and disbarred companies or individuals prior to approving contract awards or payments made to them. ***(What you found.)*** We recommended that SA strengthen the WCS's search capabilities so that the WCS can support the use of search operators such as AND, NOT, and OR. ***(What you recommended.)*** In federal fiscal year 2019, and in response to our recommendation, SA strengthened the WCS's search capabilities by including these common search operators (AND, NOT, and OR) in an advanced search link that appears on the front page of the WCS website. ***(Agency corrective action in response.)*** SA's enhancement to the WCS search capabilities will better assist federal agencies in detecting companies or individuals who have been disbarred or suspended, potentially limiting the occurrences of improper contract awards and payments. ***(Positive impact resulting from the action taken.)***

# How do we calculate monetary benefits?

## Subtract any offsetting costs

- Financial accomplishments are *net accomplishments*—that is, estimates of financial accomplishments that have been *reduced by the costs associated with taking the action recommended*.
- Typically, this is the cost incurred by the agency to achieve the benefit.
  - Example: Sale of excess federal property less any cleanup costs and sale fees.

## Obtain estimate(s) from a third party

- Typically the agency that acted on your work.

# Claim monetary benefits based on a single action or over a multi-year period?

Example of those claimed and based on a single agency action or legislative action

- Claim a monetary benefit for the amount of the reduction between what the agency requested and what the legislature provided.

Examples of those claimed over multiple years based on agency actions or legislative actions

- Reductions in the cost of long-term projects
- Program terminations resulting in cost savings
- Changes in tax laws resulting in reduction in costs/payments

# Example of a Monetary Accomplishment Report

Title: State Agency Reimbursed Thousands in Improper Food Stamp Payments  
GAO Detected in Fiscal Year 2021

Monetary Accomplishments: \$40,000

Summary: In June 2021, we reported on results of an audit of the food stamp program that found improper payments totaling over \$50,000 thousand to state lottery winners over a period of 5 years. We referred these cases to the State Agency for administrative action in June 2021. According to the State Agency, in fiscal year 2022, it was able to collect a total of \$45,000 of the \$50,000 in improper payments we detected. The State Agency reported that incurred a cost \$5,000 in collection costs in fiscal year 2022. Therefore, we calculate the financial accomplishments for responding to this referral to be \$40,000 in fiscal year 2021.

# Why document your accomplishments?

- Peer reviews: assessing your compliance with internal control policies and procedures for documenting accomplishments
- Support internal and external reporting of performance goals met for recommendations, monetary/non-monetary accomplishments. (legislature, etc.)

# What's the auditor's impact?

Help improve program performance and management accountability by:

- making recommendations that actually improve operations,
- follow up on recommendations to ensure corrective actions implemented and work, and
- report the accomplishments of your work (showcase all the value your work adds!)

# How GAO communicates missing accomplished?

- **GAO's mission:** "...improve the **performance and accountability** of the federal government..."
- **How GAO documents its performance and accountability efforts:**
  - **Documented monetary/non-monetary accomplishment reports** are performed by GAO's audit teams annually
  - Results of the audit team accomplishment reports above are fed into GAO's annual **GAO "Performance and Accountability Report (PAR)** that provides an assessment of GAO's performance and describes what GAO was able to accomplish in the past fiscal year, among other things.

# How to validate that auditee addressed our findings and implemented our recommendations?

- Work with statistician/methodologist if needed
- Computations should be realistic, accurate, and offset cost to implement (for monetary accomplishments)
- Get independent verification
- Work with general counsel if needed when interpreting/applying law
- Sound documentation in workpapers
- Direct review (internal)
- Report performance goals internally/externally (display/showcase your accomplishments)



# Lessons Learned

## Monetary Accomplishments

Need for certainty as to:

- Accuracy of assumptions
- Calculation and applicability of monetary accomplishments
- Details of reported monetary accomplishments (validated by audit supervisors)

# Auditee Management Reaction to Reported Accomplishments

- Resentment
- Doubt
- Fear of budget impacts, action by budget/legislative authority
- Disagreement over calculation or applicability
- Acceptance and implementation (ideal!)

# Accomplishment Reports Exercise

## Instructions

- Spend about 5 min reading narrative on next slides
- Spend 15 min developing a summary narrative, addressing these elements:
  - what did you find?
  - what did you recommend?
  - what was the agency action in response to your findings or recommendation(s)?
  - what is the positive impact resulting from action taken?  
Can your team claim a financial accomplishment(s)?  
Why/why not? What more would you need to know?

# Food Stamp Fraud Background

The Food Stamp Program is a federal program administered by the states. It is an intentional program violation for a person to knowingly attempt to sell food stamp benefits in any manner that is contrary to the laws and regulations that govern the program. In August 2021, your audit team reported on its assessment of a software tool that the federal Food Stamp Agency (FSA) recommended to the states for monitoring e-commerce websites for potential food stamp fraud.

During your assessment, you tested the software tool against the manual process of just searching on the website for postings illegally selling food stamp benefits, monitoring one popular e-commerce website for 30 days. In doing so, you determined the manual process more effectively and efficiently detected more postings. For example, the manual process detected 500, but the tool detected only 100. On September 2, 2021, you referred all the postings you found to FSA officials for further action.

# Food Stamp Fraud Agency Response

FSA responded, stating that it has decided to discontinue its \$3,000 annual contract with a private contractor that provided the software tool. Instead, FSA recommended that the states perform manual searches on e-commerce websites. Further, FSA informed you that it referred the postings to the agency's inspection department for further action.

The inspection department investigated the postings further and confirmed that telephone numbers listed in 75 postings belonged to 75 recipients listed in the agency's recipient database. The department concluded that these recipients were attempting to sell their benefits online.

On March 2, 2022, FSA informed you that it adjudicated the facts of each case and concluded that 50 of the 75 recipients committed intentional program violations. All 50 recipients were disqualified from the food stamp program for 12 months, and were required to reimburse FSA a total of \$9,000. FSA informed you that it spent about \$2,000 to investigate and adjudicate the cases.

# Some Parting Thoughts

- You have a unique and special responsibility in accountability and for the prudent use of public resources.
- Good internal control, accountability, and auditing are critical to a credible and functioning republic and in fulfilling the government's responsibility to taxpayers.
- The public relies on us now more than ever.
- “Getting it right” is a key part of accountability and our oversight role, and will keep getting more important as our fiscal situation becomes increasingly more uncertain.

Questions? Thank you! And,...





**AUDIT IS LIKE A BOX OF  
CHOCOLATES**

**YOU NEVER KNOW WHAT YOU'RE  
GONNA GET**