



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

# The Strategic Plan

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FY 2013-2015 / CY 2012-2014





## CONTENTS

|   |           |
|---|-----------|
| <b>INTRODUCTION</b> .....   | <b>i</b>  |
| <b>ABOUT THE OFFICE OF THE STATE AUDITOR</b> .....                      | <b>1</b>  |
| Vision.....   | 1         |
| Mission .....   | 1         |
| Principles .....  | 1         |
| Statutory Responsibilities .....  | 2         |
| <b>ORGANIZATIONAL STRUCTURE</b> .....                                   | <b>3</b>  |
| The Division of Administration and Finance .....                        | 3         |
| The Division of Audit Operations .....                                  | 4         |
| The Bureau of Special Investigations.....                               | 5         |
| The Division of Local Mandates .....                                    | 6         |
| Executive Departments.....  | 7         |
| Boards and Commissions.....   | 8         |
| <b>STRATEGIC PLAN CONTEXT: OSA ORGANIZATIONAL ASSESSMENT</b> .....      | <b>9</b>  |
| Peer Review.....  | 9         |
| Corrective Action: Year One Accomplishments.....                        | 9         |
| <b>STRATEGIC GOALS</b> .....  | <b>12</b> |
| <b>GOAL 1: Use Resources Strategically</b> .....                        | <b>12</b> |
| Objectives that support Strategic Goal 1:.....                          | 13        |
| Objectives and Strategies.....  | 13        |
| <b>GOAL 2: Promote Professionalism</b> .....                            | <b>18</b> |
| Objectives that support Strategic Goal 2:.....                          | 19        |
| Objectives and Strategies .....   | 19        |
| <b>GOAL 3: Provide Solutions</b> .....                                  | <b>22</b> |
| Objectives that support Strategic Goal 3:.....                          | 22        |
| Objectives and Strategies.....  | 23        |
| <b>GOAL 4: Communicate Across Audiences</b> .....                       | <b>26</b> |
| Objectives that support Strategic Goal 4:.....                          | 26        |
| Objectives and Strategies.....  | 26        |
| <b>APPENDIX 1: OSA ORGANIZATION CHART</b> .....                         | <b>29</b> |
| <b>APPENDIX 2 – ADDITIONAL OSA FUNCTIONS AND RESPONSIBILITIES</b> ..... | <b>30</b> |
| Oversight of ARRA Activities .....                                      | 30        |
| Occupational Schools.....   | 30        |
| Oversight of Privatization Contracts.....                               | 31        |



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# Introduction

To all OSA staff:

When I took office in February 2011, I committed to building an Office of the State Auditor that is rooted in the principles of accountability, professionalism, efficiency and effectiveness, and transparency – and dedicated to providing independent and objective audits and reports that could serve as a catalyst for making state government work better. I also introduced many reforms in our procedures and practices, including new performance expectations. The quality of the work that the OSA has delivered on behalf of the taxpayers of the Commonwealth over the past year and a half is evidence of how fully our employees have embraced these changes. It is a legacy of which we can all be proud.

The following plan represents the next logical step in our process of transformation, providing a more focused strategy for achieving our shared vision. The plan provides a framework for our work and context for each of the specific goals and objectives that follow. We will use these goals and objectives to measure our progress over the next three years

I firmly believe that the OSA should be the public's front line defense against fraud, waste, and abuse in state government and its strongest advocate for better results. I am confident that this plan will help to get us there.

Sincerely,



Suzanne M. Bump

Auditor of the Commonwealth



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# About the Office of the State Auditor

## Vision

State Auditor Suzanne M. Bump has articulated her vision for the Office of the State Auditor:

### Vision

*To become a national leader in professional government auditing and an example of accountability, professionalism, efficiency and effectiveness, and transparency.*

This strategic plan is designed to realize that vision.

### Mission

OSA's mission is to use its audits, investigations, and reports as tools to make government work better.

## Mission

The mission of the Office of the State Auditor is to use its audits, investigations, and reports as tools to make government work better. To these ends, the Office conducts independent and objective audits of the Commonwealth's financial and programmatic activities and provides policy-makers with meaningful recommendations for improvements in the operations of state government. Further, pursuant to statutory authority, the OSA renders determinations as to whether proposed or existing state mandates impose direct costs on a municipality, works with stakeholders to find solutions to funding deficiencies and also investigates allegations of public assistance fraud.

### Principles

Accountability  
Professionalism  
Efficiency  
Effectiveness  
Transparency

## Principles

Quality government auditing relies upon the principles of accountability, professionalism, efficiency and effectiveness, and transparency. Government auditors must adhere to Generally Accepted Government Auditing Standards, (GAGAS) which delineates a set of ethical principles promulgated by the Government Accountability Office (GAO): government auditing must serve

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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. These principles and ethical standards guide all of the work of Office of the State Auditor.

### MGL Statutes

MGL Section 12  
of chapter 11

MGL Section 6B  
of chapter 11

MGL Section 6B  
of chapter 11

## Statutory Responsibilities

Section 12 of chapter 11 of the Massachusetts General Laws charges the OSA with auditing “the accounts, programs, activities and functions directly related to the . . . accounts of all departments, offices, commissions, institutions and activities of the commonwealth, including those of districts and authorities created by the general court and including those of the income tax division of the department of revenue.” Every “entity” must be audited once every three years, but can be audited more frequently at the discretion of the State Auditor. Chapter 11 also establishes the Division of Local Mandates and the Bureau of Special Investigations.

Section 6B of chapter 11 charges the Division of Local Mandates with “the responsibility of determining to the best of its ability and in a timely manner the estimated and actual financial effects on each city and town of laws, and rules and regulations of administrative agencies of the commonwealth either proposed or in effect, as required under” the Commonwealth’s unfunded local mandate law.<sup>1</sup>

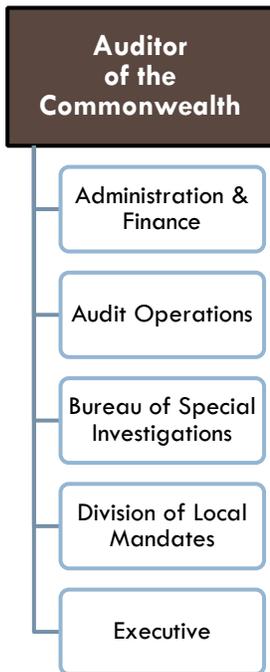
Section 17 of chapter 11 charges the Bureau of Special Investigations with investigating and prosecuting claims of fraud involving public benefits received through programs of the “department of transitional assistance, department of children and families , and the division of medical health [now: MassHealth].”

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<sup>1</sup> M.G.L. c. 29, sec. 27C

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# Organizational Structure



The OSA is organized into five divisions:

- Administration and Finance (A&F)
- Audit Operations
- Bureau of Special Investigations (BSI)
- Division of Local Mandates (DLM)
- Executive Departments, including Communications and Outreach, Inter-Governmental Affairs (IGA), the Office of the General Counsel, and Policy.

## The Division of Administration and Finance

The Division of Administration and Finance (ANF) is committed to providing the highest quality infrastructure and support services to achieve the OSA’s overall mission to make state government work better. The teams within the Administration and Finance Division include Operations, Human Resources, and Information Technology.

| Administration & Finance  |
|---|
| Committed to providing the highest quality infrastructure and support services. |

**The Operations team** performs all financial and administrative functions, including procurement, budget, payroll and benefits, and inventory control, and operates the OSA Copy and Mail Center. This work includes preparing and managing the annual budget and developing the annual spending plans with the Governor’s office and the Legislature. OSA Operations also manages multiple aspects of OSA office operations, including security of all OSA offices, oversight of rental leases, and document archives.

**The Human Resources team** develops, implements, and administers practices, policies, and programs to attract and retain the highest quality employees and to support them in delivering high-value contributions to the organization. The team is dedicated to ensuring effective, efficient, appropriate, and equitable human resources practices throughout the OSA and to providing and promoting a safe, professional and

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discrimination/harassment-free work environment in compliance with applicable employment laws and government regulations.

**The Information Technology team** is committed to providing a reliable, secure, and effective technology environment for all OSA staff and physical office locations. The team maintains a safe and secure network environment for its users and provides the backbone for the collection, analysis, and reporting of internal budget and management data as well as the electronic interface and data exchange among the OSA, government agencies, private entities, and individuals.

### Audit Operations

Reviews how Massachusetts state government utilizes taxpayer funding, and protects public money from fraud, waste, and abuse.

### The Division of Audit Operations

The Division of Audit Operations manages the majority of the work that the OSA is mandated to perform under state law. A diverse team of professionals – auditors, lawyers, technology specialists, and government analysts – is tasked with reviewing how Massachusetts state government utilizes taxpayer funding, and protects public money from fraud, waste, and abuse. Audit staff conducts financial, performance, and technical assessments of state programs, departments, agencies, authorities, and vendors. A city or town, by vote of the governing body, can request an audit of any local municipal program, contract, or vendor.

Audits are performed with different objectives, including:

- Determining whether the Commonwealth's resources are properly safeguarded;
- Determining whether these resources are properly and prudently used;
- Evaluating internal controls to help ensure integrity in financial management systems;
- Determining whether computer systems and the corresponding IT environment are secure, maintain integrity, and are consistently available;

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- Determining and evaluating a program's results, benefits, or accomplishments; and
  - Ensuring that audit results are fully disclosed to the public and to the auditees.

While the State Auditor's Office may uncover a variety of issues and problems, its audits and reports contain important recommendations that state government can use to improve accounting, internal controls, security, and outcomes. In many cases, audits highlight good practices that can be shared among other programs. Auditors of the Division of Audit Operations work independently and with federal and state law enforcement officials such as the United States Attorney, the Massachusetts Attorney General, the Inspector General, and ten regional district attorneys to uncover fraud and other violations of federal and state law. Over the past 20 years, the Division has identified billions of dollars in unnecessary and unallowable costs and those recommendations have helped the Commonwealth recover hundreds of millions of dollars.

**Bureau of Special Investigations**

Protects public assistance programs from fraud.

### **The Bureau of Special Investigations**

The Bureau of Special Investigations (BSI) is charged with protecting public assistance programs from fraud by identifying taxpayer dollars taken by those who try to cheat the system. During challenging fiscal times, BSI investigations take on even greater importance as agencies and assistance programs struggle to stretch fewer dollars available to help those in need. BSI oversight identifies millions of dollars in potential fraud every year. For the last two fiscal years, potential fraud identified by BSI has nearly equaled a quarter of the entire State Auditor's annual budget appropriation. Investigations also act as a deterrent to criminals and help agencies and vendors better manage public assistance programs

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BSI examiners work out of five offices throughout the state, investigating referrals from the Department of Transitional Assistance (DTA), Mass Health, law enforcement agencies, and the general public. BSI examiners work with dozens of state agencies in tracking fraudulent claims. Investigations that uncover illegal activity are turned over to the appropriate law enforcement entity, the Attorney General, the ten District Attorneys' Offices, and the U.S. Attorney for potential criminal prosecution, and to the appropriate agency for recoupment of illegally obtained funds. These entities establish restitution payments and are responsible for collecting settlement amounts.

**Division of Local Mandates**

Determines if a proposed or existing state mandate improperly imposes any direct service or costs on a city or town.

**The Division of Local Mandates**

The Division of Local Mandates (DLM) is another critical resource for cities and towns, lawmakers, and the Courts. Enacted in 1980, the Local Mandate law gives the OSA the authority to determine if a proposed or existing state mandate improperly imposes any direct service or costs on a city or town and, if so, to provide an analysis of the financial impact. Elected municipal leaders, appointed managers, school or educational collaborative officials, as well as lawmakers and legislative committees, may petition DLM for an opinion and request a cost impact analysis.

When the State Auditor issues a mandate determination, the petitioner has several options for resolution:

- Ask the local Representative or Senator to pursue state funding in order for the community to comply with the law or pursue local option language which gives the community the option of complying with the law.
- Seek an exemption from the law in superior court. Only the courts can declare that a law is ineffective in any city, town, or regional school district. The court does consider a DLM determination as primary evidence in these cases.

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- Have 10 residents who pay taxes file a class action suit in superior court asking the state for reimbursement of funds to comply with the law.

There are several exemptions and court decisions that guide DLM in determining if a law or regulation is an unfunded state mandate.

### Executive

Communicates and promotes the Auditor's goals and the OSA mission.

## Executive Departments

The Communications and Outreach, Intergovernmental Affairs, Legal, and Policy Departments work to communicate and promote the Auditor's goals and the OSA mission, including audit findings, reports, reviews, investigations and initiatives. The Communications and Outreach and Intergovernmental Affairs Departments each undertake outreach programs tailored to specific constituencies in order to raise the profile of the work of the Office and make outcomes and services more transparent to the general public, media, lawmakers, advocacy groups and municipal leaders. The Office of the General Counsel advises the Auditor and the divisions on all legal matters, and handles all litigation for the Office. The Policy Department works with staff in Audit Operations, the Bureau of Special Investigations and the Division of Local Mandates to ensure that reports are presented with the appropriate public policy context in mind, and that they provide valuable recommendations that can be used effectively by policy makers, and supports the auditor and the executive divisions, coordinating the development of public policy initiatives and legislative proposals that result from the work of the office.

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## Boards and Commissions

The State Auditor sits on a number of standing boards and commissions, including:

- Municipal Finance Oversight Board
- Public Employee Retirement Administration Commission (PERAC)
- Massachusetts Teachers Retirement Board (MTRB)
- Inspector General Council
- Witness Protection Board
- Comptrollers Advisory Board
- Health Care Quality and Cost Council
- School Building Assistance Advisory Board

Additionally, from time to time, the Auditor is appointed by the Legislature to sit on a special panel or commission. For example, in 2011 Auditor Bump was appointed a member of the Tax Expenditure Commission, established by the Legislature to propose recommendations on reforming the tax expenditure budget and programs.

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# Strategic Plan Context:

## OSA Organizational Assessment

### Peer Review

Peer reviews are essential to maintain and improve the quality of the auditing services performed by the agency

### Peer Review

Immediately after assuming office in January 2011, Auditor Bump requested an extensive, agency-wide Peer Review to be conducted by the National State Auditor’s Association. The peer review consisted of a thorough examination of the OSA’s quality control systems by a team of expert auditors from other states. Peer reviews are essential to maintain and improve the quality of the auditing services performed by the agency and are required every three years by the GAGAS issued by the US GAO. The OSA had not undergone one in at least 15 years. The results showed significant deficiencies and warranted immediate attention. Consequently, the Auditor moved to address the report through a Corrective Action Plan.

### Corrective Action: Year One Accomplishments

The Peer Review ordered by Auditor Bump identified a number of specific areas in which the Office’s audit policies and procedures had to be strengthened. The Office immediately took significant steps in the first year following the peer review to address these areas and also to foster excellence throughout the audit operation including:

**Create an Assistant Deputy Auditor for Audit Operations** position to oversee Audit Policy and Quality Assurance and to ensure all corrective measures are implemented.

- A professional from outside state government who is a CPA, a certified fraud examiner who is certified in financial forensics, and has ten years of experience with a “big four” accounting firm.

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## Accomplishments

Deputy Auditor  
position created

New Audit Manual

Enhanced technical  
capabilities

QA review  
strengthened

Professional level  
elevated

New performance  
management system

Enhanced internal  
training

Intensive training  
programs

Auditors hired

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**Develop a new Audit Manual** that includes all current policies and procedures required by government auditing standards. The manual, which was created after reviewing audit manuals from other states, not only complies with GAGAS, but also serves as an important tool for helping OSA staff to produce the highest quality audit reports possible.

**Enhance technical capabilities** by improving the functionality of the TeamMate audit software, which tracks compliance with GAGAS and the new audit manual. The software now details audit steps and documentation requirements to ensure auditors comply with government auditing standards.

**Strengthen the existing Quality Assurance review function** to assess progress in implementing the corrective action plan. This change enables the Office to regularly and uniformly review the quality of audit work and to focus on developing audit training based on the results of those reviews.

**Elevate the professional level of audit staff**, including completing an immediate formal assessment of individual capabilities, revising position descriptions to include specific educational and professional job requirements, and developing a new recruitment, hiring, and promotion process for audit staff. These steps provide the Office with a broader and more diverse pool of highly competent auditors and help to ensure that OSA is in full compliance with GAGAS.

**Design a new performance management system** to regularly evaluate staff performance throughout the entire office, including revised end-of-audit reviews for all Audit field staff.

**Review and enhance internal training** and administration of continuing professional education requirements. Despite significant budgetary challenges, resources have been made available to provide essential, targeted training for all audit staff.

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**Implement an intensive training program** that focuses on government auditing standards in order to address the specific deficiencies identified in the Peer Review report.

**Recruit and hire new auditors** with demonstrated business and accounting skills. A new mentoring program has been developed to help the new staff obtain the guidance, support, and training necessary to succeed in their positions.

Contemporaneously with the Peer Review, the OSA conducted an audit staff performance assessment. This assessment resulted in the following:

- Elimination of the Information Technology Audit Division (ITAD) and the Housing Authority Audit Unit, consolidating them into the overall Audit Operation to achieve efficiencies and free up resources to invest in audit staff and professional development.
- Fair and equitable assessment of the skills and abilities of all audit staff based upon standards of professionalism and accountability.
- Development of an ongoing performance management system to ensure that audit staff are consistently working to enhance skills and abilities.
- Improvements to the recruitment, training, review and support of audit staff, as well strengthening technical capabilities, and a focus on quality assurance continue to be a priority, as the office moves into its third year under Auditor Bump.

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# Strategic Goals

## Use Resources Strategically

The State Auditor must prioritize the types and scope of audits to ensure that dear staff resources are well-spent

### GOAL 1: Use Resources Strategically

*Focus resources of the OSA on areas of highest risk to taxpayer dollars and effective, efficient service delivery*

The Office is statutorily charged with auditing every state government unit once every three years. This is arguably the most important mission of the office, as well as the one that creates the most need to deploy resources strategically. Although the change from a two-year to a three-year audit cycle, as recommended by the peer review team and later enacted into law by the Legislature, recognizes the increased size and complexity of state government, the reality is that in a state the size of Massachusetts there is not enough time or resources to look at all aspects of all programs of all units of state government in a three- year period. Therefore, the OSA mandate is more complicated than it might seem on the surface. Each agency has subdivisions and some have many; each subdivision has programs and some have many; and, each program has its own myriad aspects – all of which may benefit from an audit. Consequently, the State Auditor must prioritize the types and scope of audits to ensure that dear staff resources are well-spent within the confines of the statutory charge. It is not just about making sure that each agency is audited.

The audit priorities of the State Auditor are set out in the rolling three-year Audit Plan, which is consistent with the goals laid out in this Strategic Plan. The OSA is committed to auditing the performance of state agencies and programs in addition to auditing compliance. While compliance audits are necessary to ensure that agencies are following applicable rules and regulations, program efficiency audits provide objective analysis of how well agencies are conducting their programs so that they and the Legislature can

use that information to improve performance and operations, reduce costs, facilitate decision-making, and contribute to public accountability.

### Objectives that support Strategic Goal 1:

- a) *Develop increased capacity to conduct audits of program effectiveness, economy and efficiency, in addition to compliance audits*
- b) *Continue to complete quality compliance audits, with increased emphasis on adherence with GAGAS*
- c) *Develop and implement a risk-based approach for auditing*
- d) *Identify and prioritize problematic “systems” within state government for review by Audit Operations*
- e) *Enhance BSI’s capacity to detect and prosecute fraud and abuse*
- f) *Enhance DLM’s research and analysis capacity*
- g) *Enhance cross-unit information sharing and collaboration*

### Objectives and Strategies

**Objective 1a.** *Develop increased capacity to conduct audits of program effectiveness, economy, and efficiency, in addition to compliance audits*

OSA will begin training staff in program effectiveness, economy, and efficiency (hereinafter: “program efficiency”) auditing at the beginning of FY13. This training will include external training for all courses (through professional associations such as MSCPA, AGA, NASACT, etc.) to be delivered to OSA audit staff according to a training plan that will be developed by Audit Operations. The OSA will collaborate with other State Audit Departments who perform this type of auditing to obtain ideas on best practices for implementation. During the regular Audit Plan development senior staff will identify program efficiency audits in the Audit Plan. This process will set baselines for field time, start-to-report issuance, and number completed in a year with pilot group, and then set up annual reasonable improvement goals.

| Increase Capacity for Program Efficiency Audits           |
|---|
| Training  |
| Collaboration with other State Audit Departments          |
| Identification of program efficiency audits in audit plan |

| GAGAS Compliance              |
|-------------------------------|
| Training                      |
| Use of Information Technology |
| End of audit evaluations      |

**Objective 1b.** Continue to complete quality compliance audits, with increased emphasis on adherence with the GAGAS

Several strategies will support meeting this objective. First, OSA will incorporate relevant and quality training courses into the FY12 and future Audit Training Curriculums. For example, OSA will: train auditors on how to complete a stronger assessment of information systems on audits; offer a writing course to enhance auditors’ skills surrounding drafting effective audit findings; and develop and present an OSA work-paper preparation course to enhance OSA work product and improve consistency of documentation across audits.

Second, OSA will strengthen the use of information technology within audit work. This includes enhancing the functionality of TeamMate audit software by upgrading to TeamMate version 10 and moving to a centralized environment by June 2012. We will require the use of the ACL data analysis tool to be used on every audit where feasible. Third, OSA will require end-of-audit evaluations to be prepared after the completion of audit fieldwork on every audit, using the new Halogen system. This will require OSA to monitor completion and review of these evaluations through Halogen and then incorporate the results into audit scheduling, training, and professional development opportunities.

Finally, OSA will increase the number of audits reviewed as part of the Quality Assurance (QA) process. To accomplish this, OSA has hired a Quality Assurance Manager (April 2012) and will hire additional QA Analysts. This process will incorporate results of staff program-surveys into the current QA process, to enhance efficiency and effectiveness of QA reviews.

**Use a Risk based approach**

Determination of program efficiency audits

Collaboration with other State Audit organizations

Improve timeliness

Development of plan to ensure efficient use of resources

**Objective 1c. Develop and implement a risk-based approach for auditing**

The scope of audits scheduled for FY13 will be discussed and researched for the purpose of determining whether the agency or a particular agency program shall be subject to a program efficiency audit. During FY13, five program efficiency audits will be conducted of state agencies.

OSA will collaborate with other State Audit units and organizations to understand how they assess risk and to determine which audits will be completed first. OSA will improve the timeliness of the audit process by using the following methods:

- a) *Utilize and further develop pre-audit research and planning to better refine audit objectives*
- b) *Conduct analysis of the audit process to identify problem periods and issues in that affect timeliness*
- c) *Develop remedial measures to address identified problem periods and issues that affect timeliness*

To ensure that OSA is using internal resources efficiently, the Office will develop a plan and processes to ensure efficient use of resources when assigning staff to audits.

**Identify and prioritize problematic systems**

Targeted state-wide audit work

Data mining initiatives

Maximization of revenue collection prioritized

**Objective 1d. Identify and prioritize problematic “systems” within state government for review by Audit Operations**

Audit Planning and Research staff will identify problematic systems that require targeted, state-wide audit work that will result in recommendations to address systemic issues. These include eligibility processes for agencies that provide public assistance benefits including health insurance, cash and food benefits, legal services, day care, and housing.

The Office, through data mining of state vendor information, will target vendors for audit where research indicates the presence of high-risk factors such as management companies, related parties, significant discretionary spending, out-of-state contracts, etc.

The audit plan will prioritize the maximization of revenue collection at major revenue-collecting agencies, including courts, registries, boards of registration, and other service oriented and permit license issuing agencies.

| Enhance Fraud Detection and Prosecution                            |
|--|
| Enhanced budget  |
| Timeliness to complete investigations                              |
| Draft legislation  |
| Collaboration with state and federal agencies and Audit Operations |

**Objective 1e.** *Enhance BSI’s capacity to detect and prosecute fraud and abuse*

The Patrick Administration supported the State Auditor’s request to include an additional line item of nearly \$500,000 to BSI for enhanced fraud detection and investigation in the FY13 state budget. This allocation will help OSA to develop the capacity of the agency to employ data analytic techniques in BSI-initiated investigations.

The OSA will meet Federal standards for timeliness of completion of BSI investigations, draft and advocate for legislation to create new approaches to address public benefits fraud, such as criminal penalties for food stamp trafficking, and the authority to investigate fraud against public housing authorities. In addition, BSI will continue and expand collaboration with other state and Federal agencies that investigate fraud in public benefits as well as with OSA’s audit operations.

| Enhance Research and Analysis Capacity |
|--|
| Stakeholder outreach                   |
| Meet statutory deadlines               |
| Collaboration with Audit Operations    |

**Objective 1f.** *Enhance DLM’s research and analysis capacity*

Beginning in FY12, DLM created and implemented work plans for external outreach to stakeholders and interested third parties, including state legislators, state agencies, research organizations, and municipal officials. These work plans will support the OSA’s goal to complete all unfunded mandate determinations within statutory deadlines. DLM will issue at least

three (3) impact reports each year. To this end, a policy and research analyst has been hired to ensure implementation of this goal. DLM will continue to collaborate with OSA’s audit operations.

| Do More Cross-Unit Collaboration |
|----------------------------------|
| OSA Internal Controls            |
| Diversity                        |
| Compensation structure           |
| Quarterly all-staff meetings     |
| IT capabilities and upgrades     |
| Research support                 |
| Intranet policy and site         |
| Proactive planning               |
| Customer Relationship Management |
| Legal role                       |

**Objective 1g:** *Enhance cross-unit information sharing and collaboration*

The OSA is a multifaceted office that functions best when the office is able to draw upon all relevant resources in the course of its audits and other initiatives and responsibilities. Cross-unit communication and collaboration is essential. Such communication and collaboration will be strengthened by ensuring organizational compliance with new OSA Internal Controls, strengthening efforts to increase OSA diversity, developing operational projections (workforce and non-personnel) that provide the greatest impact for existing budget allocations, establishing a new compensation structure to recruit, reward and retain high-performing staff, increasing ANF internal communications by instituting quarterly all-staff meetings, deepening understanding between internal user groups and IT regarding user needs and IT capabilities, supporting executive office and communications and outreach with research support by the Policy unit, creating and maintaining a collaborative online (intranet) policy and research environment to provide a forum and archive of work that can be utilized across internal units, creating a system for prospective planning around audit releases and other initiatives, events and activities with Audit, BSI, DLM, upgrading IT tools and formalizing work processes, building an expanded all-OSA intranet site (contingent on IT roadmap), developing a new Customer Relationship Management capability for data management and sharing, and strengthening the legal office’s role in establishing and reviewing workflow protocols and protocols for communication and collaboration among OSA divisions.

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## GOAL 2: Promote Professionalism

### Promote Professionalism

Increase training opportunities

Weekly newsletter

All-staff meeting

Focus on performance auditing

Professional development

### *Strengthen professionalism, capacity of staff*

The Peer Review and staff assessments revealed the need to increase training opportunities and improve the skills set of our Audit Operations staff. The OSA has taken important steps to correct these problems during the last year.

Going forward, the office will continue to focus on improving the professionalism of the staff across the Office, not just in Audit Operations.

The OSA strives to have the highest standards of professionalism in the industry and hopes to be recognized as such in the next three years.

The OSA has already implemented new initiatives to improve internal communications, including a weekly electronic newsletter and an annual all-staff meeting designed to create a common experience of hearing from the Auditor and her Deputies and to connect with colleagues to develop many of the initiatives that the OSA is now carrying out. These initiatives will continue.

The Peer Review revealed that recordkeeping and the quality of OSA's training curriculum needed to be improved. The State Auditor ordered the development of a new, more robust training program. This program will focus on performance auditing, which includes both compliance and program efficiency auditing, and will utilize a combination of in-house training and outside coursework at local universities. Professional development opportunities also will be supported for non-audit OSA staff, giving all staff the chance to learn new skills or increase their current skill set.

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## Objectives that support Strategic Goal 2:

- a) *Communicate goals to staff through consistent messaging*
- b) *Create programs for recruitment, hiring, and promotion of high quality staff*
- c) *Enhance all training and professional development*
- d) *Conduct all work according to the highest professional standards*

## Objectives and Strategies

### *Objective 2a. Communicate goals to staff through consistent messaging*

OSA has hired a Director of Communications and Outreach and an Outreach Manager. The Office will continue to seek ways to reach out to staff through internal communications channels such as the weekly online newsletter. In addition, cross-unit directors' meetings will be held every two months.

### *Objective 2b. Create programs for recruitment, hiring, and promotion of high quality staff*

At cross-unit directors' meetings, OSA will develop a list of potential managers through a management succession planning process for the Office's aging workforce. Complementary to this effort, OSA will refine and institutionalize an annual recruiting plan. The Administration and Finance Division will continue to monitor and update OSA recruitment and hiring policies, as needed, and will develop an OSA promotion policy. ANF will continue to improve upon its utilization of applicant profiles and behavioral interviews during the hiring and promotion processes. OSA will periodically review personnel policies to ensure that the organization is in a competitive position for attracting and retaining high performing staff. All such programs will be supported by the Communications staff.

### Use Consistent Messaging

Hire Director of Communications and Outreach and Outreach Manager  
Weekly newsletter  
Cross-unit director's meeting

### Maintain High Quality Staff

Succession planning  
Annual recruiting plan  
Promotion Policy

| Focus on Training and Professional Development    |
|---|
| Audit training policy                             |
| Staff surveys                                     |
| Career path                                       |
| Tuition Reimbursement Policy                      |
| Individual training and education plans           |
| Performance evaluations tied to performance goals |
| Management training                               |
| Audit mentoring                                   |

**Objective 2c.** Enhance training and professional development

OSA will provide relevant and quality training opportunities to all staff via the newly developed FY12 audit training curriculum and related measures for non-audit staff.

OSA will implement an audit training policy that defines procedures for enrolling in courses, obtaining supervisor approval, CPE recordkeeping, and related concerns. OSA will monitor staff feedback of training offered (via completion of staff surveys) and continuously monitor and assess training curriculum to ensure training offered has a positive effect on audit quality.

OSA will develop a career path for each audit role (e.g. field auditor, manager, etc.) to enhance professional development in accordance with individual goals. OSA will continue to support membership in professional organizations and pursuit of certifications, including the periodic revisiting of the tuition reimbursement policy to support staff in relevant professional educational advancement. This effort will include consistent communication with auditors to inform them of opportunities and to offer encouragement in joining professional organizations and obtaining enhanced degrees and certifications.

Through the annual performance evaluation process, OSA will develop individual training and education plans to assist non-audit employees with skills enhancement. This plan will leverage collaborations with external training partners, including local universities. To ensure that OSA is strategically deploying training resources, the Office will identify and train potential managers who can, in turn, implement and reinforce the benefits of this training with their staff.

Following the staff assessments done in conjunction with the Peer Review, OSA managers and supervisors will conduct regular staff performance

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evaluations tied to performance goals. The performance goals will be laid out in this Strategic Plan, unit plans, and individual performance plans. All managers and supervisors will be trained to conduct effective and productive performance evaluations.

Audit Operations will conduct a pilot mentoring initiative. The division will develop an OSA mentoring policy, solicit volunteers to be mentors and assign each to new audit employees, and check in with mentors throughout the year to assess program success and recommendations for improvement.

| Meet Highest Professional Standards |
|-------------------------------------|
| Compliance with GAGAS standards     |
| Professional conduct                |

*Objective 2d. Conduct all work according to the highest professional standards*

The OSA will ensure that all audits are carried out in compliance with Yellow Book standards and that all auditors are in compliance with GAO requirements for continuing professional education (CPE) credits. All staff will be held to the highest standards of professional conduct with respect to all interactions with both internal and external constituencies.

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## Provide Solutions

The OSA is committed to providing solutions where it can to the problems it discovers.

### GOAL 3: Provide Solutions

*Champion reforms that make government more efficient, more effective, and more accountable*

The OSA is dedicated to making government work better through the multiple tools at its disposal, including compliance audits, program efficiency audits, fraud investigations, fiscal impact studies, and legislative and regulatory reform. The Office is therefore committed to providing solutions to the problems it discovers. This requires not just developing a list of recommended actions to resolve discrete problems, but working collaboratively with relevant stakeholders across government and in the community to identify and craft system corrections that can proactively help prevent fraud, waste, and abuse, or other unintended consequences of public programs and spending. The OSA will not just wait to see what the landscape of audits and investigations reveal, but will use current understandings of the policy landscape to determine a legislative and policy agenda for the Office. This agenda will be determined through prior audits and investigations, policy and government experience of the staff, and ongoing outreach and communication with the myriad stakeholders in and outside of government.

#### Objectives that support Strategic Goal 3:

- a) *Produce audits and reports that evaluate the effectiveness of programs*
- b) *Offer solutions to problems identified in audits and reports*
- c) *Develop effective working relationships with policy makers*
- d) *Work with third parties to build support for reform*
- e) *Enhance ability of A&F, IT, Intergovernmental Affairs, and Communications and Outreach to enable OSA solutions*

**Focus on Program Effectiveness**

Focus on program efficiency audits

Topical and timely policy reports

Research agenda and plan

Strategic agenda of audits and investigations

## Objectives and Strategies

*Objective 3a. Produce audits and reports that evaluate the effectiveness of programs*

Consistent with the objective of Strategic Goal 1 to use resources strategically, OSA will focus on program efficiency audits to identify structural challenges in state government using best practices from other states and jurisdictions. These program efficiency audits will arise out of and also inform our legislative, policy, and outreach agendas.

OSA will issue topical and timely policy reports to inform the work of DLM and BSI as well as to help frame and support the State Auditor’s legislative and policy agenda. OSA policy analysts will support this effort, some of whom have already been hired. In collaboration with the director of policy, DLM will create a research agenda and implement a research plan to release 2-3 policy reports per year.

This work will provide a strategic agenda of audits and investigations that addresses current and foreseeable issues and risks known and unknown to the public. From information gathered, OSA will conduct periodic working group meetings to synthesize administrative issues.

**Generate New Ideas**

Incorporate policy and communications analysts into audit teams

*Objective 3b. Offer solutions to problems identified in audits and reports*

In order to ensure that OSA audit reports provide auditees, policymakers, and the public with information necessary to act on problems identified, the Office is moving toward a GAO model of incorporating policy and communications analysts into our audit teams. We will establish a process in which executive leadership team reviews progress of priority audits and reports at regular, predictable intervals, including scoping. This will include reviewing the findings of audits and reports with a perspective that systemic

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or other policy changes may be needed or desired in addition to standard compliance audit findings.

OSA is hiring new analysts in Audit Operations and DLM to provide the policy, research, and communications support these units need to meet our strategic goals. The primary role of these analysts will be to support the GAO model: “to help develop, review, or revise written products, including reports and testimonies, to ensure messages are clear and convincing and meet [OSA’s] report quality standards; assist and coach teams and individuals in writing or editing reports; and help teams incorporate suggestions from reviewers. The analysts will help ensure the logic, clarity, consistency, grammatical accuracy, and appropriate tone of [OSA] written products.”

| Maintain Effective Relationships                        |
|---|
| Collaboration with the Legislature                      |
| Regular check-ins with legislative leadership           |
| Work collaboratively with all state government entities |

**Objective 3c. Develop effective working relationships with policy makers across state government**

OSA is committed to making government work better. The Office works collaboratively with public agencies to help them to identify and fix problems that prevent them from efficiently and effectively providing public services and goods. To ensure that OSA can accomplish that it is also necessary to maintain collaborative relations with the Legislature.

To develop and maintain effective working relationship with policymakers, OSA will conduct regular check-ins with legislative leadership and constitutional officers, proactively meet with public agency heads when the Office embarks on audits that it believes will produce significant findings, and work collaboratively with all state government entities that seek OSA assistance. These working relationships will be facilitated by the State Auditor’s legislative, outreach, and policy departments.

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### Build Support for Reform

Enhance performance through sharing of information and resources.

#### *Objective 3d. Work with third parties to build support for reform*

The outreach agenda referenced in Objective 4d will help strengthen relationships with other government agencies to enhance performance through sharing of information and resources and possibly joint investigations with organizations such as the Attorney General, the Inspector General, and federal audit agencies. It will also explore potential partnerships and collaborations with additional organizations in the public, private, and non-profit sectors to leverage OSA's knowledge base.

### Enable OSA Solutions

Migrate to centralized resources  
Develop marketing plans  
Utilize media channels, including social media  
Develop legislative agenda

#### *Objective 3e. Enhance ability of A&F and C&O contribute to enable OSA solutions*

A&F will partner with ITD and others to ensure OSA is able to migrate to centralized resources where required. A&F will partner with all units to upgrade technology infrastructure and to ensure greater capacity to utilize data analytics. All business and financial systems will be streamlined.

Executive departments will build greater capacity for community engagement and education, including through development of marketing plans, and stronger utilization of all media channels, including social media. Additionally Intergovernmental Affairs will develop a legislative agenda and enhanced capacities to track and report on legislative and other governmental initiatives and developments. IGA will also strengthen resources within OSA to share governmental affairs information, including a monthly newsletter and online resources to be used for research and reporting.

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## GOAL 4: Communicate Across Audiences

### Communicate Across Audiences

Enhance the public's understanding of auditing and outcomes

*Enhance understanding by public officials and the public of the role of the OSA in protecting taxpayer dollars and ensuring efficient delivery of service*

Although the OSA performs important services for the public, much of its work is not well known by the public. The OSA is committed to enhancing the public's understanding of the public auditing and related functions and outcomes.

### Objectives that support Strategic Goal 4:

- a) *Create vigorous external communications program*
- b) *Improve readability and presentation of audits and other reports*
- c) *Provide stakeholders and the public with the public policy context for the audits and investigations that the office pursues*
- d) *Develop and maintain an outreach agenda*

### Become Visible

Strategic communications plan  
Establishment of a "tip" line

### Objectives and Strategies

#### *Objective 4a. Create a vigorous external communications program*

The State Auditor has hired a director of communications and outreach to oversee the establishment and execution of a vigorous external communications program. A first step toward this goal is the creation of a strategic communications plan. This plan will incorporate the various outreach plans for BSI, DLM, and the Legal Office, as well as that of the executive office that will be overseen by the outreach manager. Among the various tools the OSA needs to bring its communications efforts current is to enhance the OSA website and incorporate social media technologies.

The outreach plan will build upon the strategies outlined in Strategic Goal 3 including participating in identified key organizations to stay informed of developing issues and presenting OSA solutions to issues identified, including recommendations and planned future audit work. This will include the

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establishment of a “tip line” for reporting potential issues and publicizing its availability to stakeholders and the development of information and literature about OSA functions for distribution to stakeholders through relationships with existing professional organizations.

**Improve Readability and Presentation**

Writing training

Creation of a working group

*Objective 4b. Improve readability and presentation of audits and other reports*

OSA will strengthen the Office’s writing training and assess future needs. This may include the hiring an editor/writer to work with or train staff on written communication skills. It is essential to include the regional offices in such training. The Office will review externally published products and delivery strategies to ensure OSA’s message is concise and available in multiple, easy-to-access formats (e.g., for significant audits, the Office will consider PowerPoint presentations or briefings to simplify complex report details). Additionally, OSA will explore the creation of a working group from senior staff across the agency to develop milestones for the improvement of communications through our reporting mechanisms.

**Be Relevant**

Presentations to the public

*Objective 4c. Provide stakeholders and the public with the public policy context for the audits and investigations that the office pursues*

OSA will conduct presentations to the public in regular outreach efforts throughout the Commonwealth and make sure that audits and reports include a discussion of the public policy context at issue. This contextual component will be overseen by the director of policy and will help the various audiences of OSA products to understand the importance of specific audit findings, in turn, strengthening the Office’s ability to craft policy solutions that the public can understand and have confidence in.

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**Objective 4d.** Develop and maintain an outreach agenda

**Reach Out to Others**

Expand relationships

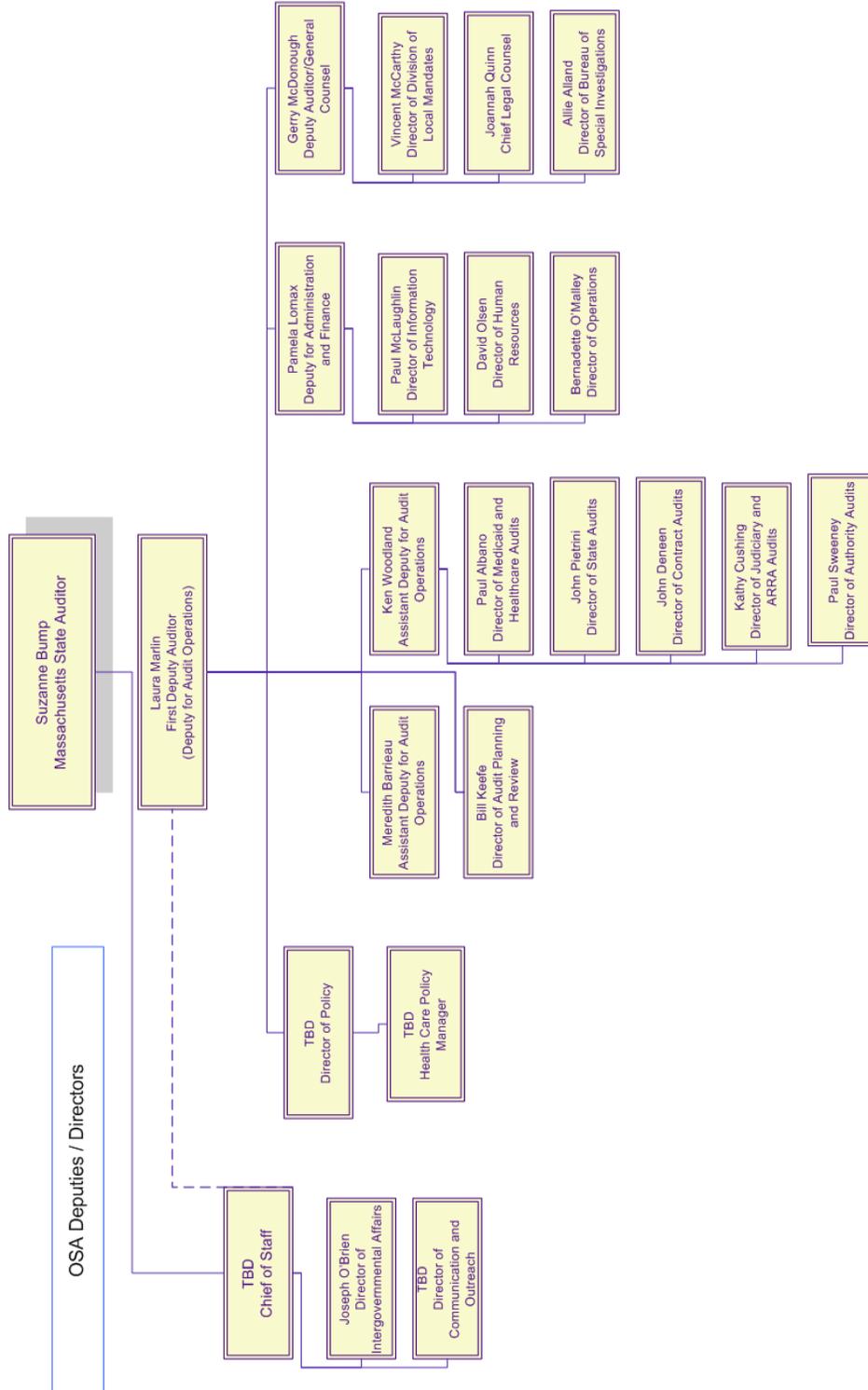
Periodic informational programs

The State Auditor has hired an outreach manager to work under her director of communications and outreach. The manager is responsible for an outreach agenda, based on working with all units of the OSA, to help the OSA expand relationships with professional private and non-profit organizations that can lead to better knowledge of the OSA's role, agenda and tools.

Audit Operations will begin a program of providing periodic informational programs for external stakeholders improve the public's knowledge and understanding of the role and function of the OSA.

# Appendix 1: OSA Organization Chart

As of 01/08/13



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# Appendix 2 – Additional OSA Functions and Responsibilities

## **Oversight of ARRA Activities**

Every state received a share of funding under the American Recovery and Reinvestment Act of 2009 (ARRA). As of June 30, 2011, over \$7.4 billion had been awarded to Commonwealth agencies and \$6.6 billion had been expended. The total federal economic stimulus infusion paid to the Commonwealth is expected to total \$6.1 billion for state agencies. This vital funding must be strictly monitored in order to prevent waste, fraud and abuse. The State Auditor was asked by Governor Patrick to take a major role in providing this oversight and in response has made this effort a top priority of the OSA. The State Auditor joined the Attorney General, the Inspector General, and federal officials in forming the Stimulus Oversight and Prevention (STOP) of Fraud Task Force to assure coordinated and collaborative stimulus funding oversight.

As part of this effort, the Office has developed a work plan for OSA recovery activities and continues to conduct audits of departments, agencies and vendors that have received stimulus money and to provide guidance to agencies on preventive controls.

## **Occupational Schools**

OSA is charged with evaluating the financial and academic qualifications of all private, post-secondary, non-degree-granting occupational schools licensed or registered to offer career training programs within the Commonwealth (M.G.L. c. 75C, 75D, 93). Before being licensed by the Department of Elementary and Secondary Education (DESE), all such schools must submit financial statements to OSA, which then determines whether these schools

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are financially qualified to be licensed and the proper level of tuition they may charge.

### **Oversight of Privatization Contracts**

In 1993 the Legislature passed the Act Further Regulating the Purchase of State Services, known commonly as the “Pacheco Law” after its sponsor. The act, codified at M.G.L c. 7, sections 52-55, provides that the State Auditor must evaluate all privatization contracts entered into by state agencies. The OSA must certify that the cost of performing the service by the private vendor is less costly than having the work done by state employees, and that the quality of services will be equal or better. The law applies to contracts that have an aggregate value of \$500,000 or more.

It is the responsibility of the State Auditor to independently determine whether the process followed by the agency meets the requirements of the law, which includes: preparing a detailed statement of services to be used in soliciting competitive bids; estimating the most cost-efficient method of providing those services with agency employees, and; comparing the in-house cost with the cost of contract performance. Additionally, the State Auditor is responsible for ensuring that the private bids and private contract, if ultimately awarded, contain all statutory requirements regarding wages, benefits, and personnel.

The OSA has issued guidelines outlining the process and prescribing forms agencies must use in preparing and submitting certification data. The OSA routinely responds to many requests from agencies, the Legislature, and the public to clarify or investigate specific privatization compliance issues. It has issued eighteen formal determinations on privatization proposals. OSA responsibilities have included meetings with concerned parties, correspondence, document requests and reviews, and final determinations relative to these inquiries.