



OFFICE OF THE STATE AUDITOR

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**REMARKS OF STATE AUDITOR SUZANNE BUMP
TO THE BOSTON CHAPTER OF
THE ASSOCIATION OF GOVERNMENTAL ACCOUNTANTS
REGIONAL PROFESSIONAL DEVELOPMENT CONFERENCE
BENTLEY UNIVERSITY
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Thank you. Good afternoon, it is a pleasure to join you today. As the new State Auditor, I am happy to report that I am also a proud, new member of the AGA and excited to be in the company of such dedicated professionals and new colleagues.

Before I go any further, I want to wish everyone a Happy Certified Government Financial Manager Month. Last month I presented AGA Boston chapter officials Howie Olsher from the Auditor's Office and Joe Valchuis of the Department of Early and Secondary Education that proclamation from Governor Patrick. But I am still not sure how you celebrate Government Financial Manager Month. Maybe you will show me later on.

These are very difficult times to be working in the public sector, whether local, state or federal. Public employees are hacks; we are greedy and good for nothing – and that's on Howie Carr's good days. If you are in the private sector doing public work,

you are asked to do more for less. These days, it is doubly hard to work in a position of fiscal accountability. For one, as budgets shrink, oversight is often one of the first areas to get cut or reduced. Secondly, as public resources dwindle, the demand for public services increases and it is you, the members of the AGA – staff accountants, budget managers, CFOs, auditors and other financial professionals – who are charged with doing more with less staff and less funding.

And, yes, I am one of those managers asking their professionals to do more with less. I ran for this office after three years as a cabinet secretary – loving my job, but increasingly aware that all across government inadequate data tools and outdated thinking was leading to the inefficient and ineffective use of taxpayer dollars.

I came to appreciate that an Auditor's office can help agencies change. Frankly, though, not the Auditor's office I inherited, but one with 21st century technology, skills and outlook.

I want to expand the work so that our auditors can identify how systems in government are failing us, not just individual programs or vendors. Then, I want to be the change agent in government, a leader in helping bring about reform.

As the former Secretary of Labor and Workforce Development I have a keen awareness of and dedication to continuous professional growth. Therefore, I was very glad to learn of the State Auditor's Office level of membership and involvement with the AGA. I have spoken to Howie Olsher about ways we can encourage more members of the Auditor's Office to join and take advantage of the opportunities the AGA has to offer. And, personally, I intend to be an active member, ready to participate and willing to help in any way I can.

The AGA, particularly in terms of education and training, will be of great assistance in realizing my vision for the State Auditor's Office, which is simply, to make government work better.

Shortly after being elected, one of the first things I did towards realizing my goals for the office was to request a peer review of audit operations from the National State Auditors Association.

I anticipate having the peer review team's final report in the next six to ten weeks, and it will inform our decisions on future changes to the office. I am in the process of hiring an assistant deputy auditor whose initial responsibility will be to institute any changes and recommendations of the peer review to ensure full compliance with the Generally Accepted Government Auditing Standards.

We also have taken action on retooling the office structure which included realigning several divisions, evaluating staffing needs, hiring qualified senior staff and other changes to better match resources with the needs of the office. Savings from these changes will be used to bolster the audit staff.

As I mentioned a moment ago, I also plan to make continued education and training a high priority for existing staff. I want to foster individual professional growth and overall ensure the office possesses the skills, knowledge and expertise it needs to be effective in the 21st century.

With that in mind, we are re-developing a personnel performance management system to set specific objectives for the office and to ensure that employee performance is evaluated in terms of achieving those objectives.

Some specific initiatives we have underway already include a review of the state's business tax incentive programs, which are valued at over \$1.5 billion. We are going to evaluate measurable data, oversight and periodic review to ensure taxpayers are getting a proper return on investment. Also, we are currently conducting a review of accounts receivable at major state agencies, looking at the amounts and age of money owed the Commonwealth. The goal is to make sure agencies are taking in all receivables, in a timely manner.

With every audit, our Medicaid Audit Unit identifies ways to save money in that program, which now accounts for one third of the entire state budget and over 7% of the federal budget. Over the past four fiscal years, payments to dental providers in the program have increased by over 250 percent from \$116 million to over \$300 million. An audit of just a limited number of dental providers participating in the Medicaid program uncovered nearly \$5.7 million in overcharges and other unnecessary costs, from excessive – as well as fictitious -- X-ray services over a period of four years.

The insights gleaned from that audit have led us to initiate additional audits of other aspects of the dental services program, and we are confident they too will point to potential system improvements and cost recoveries.

Our Medicaid work is also an example of utilizing technologies and skills that I want to expand throughout the office: data mining, risk assessment and trend analysis. By investing the time and effort into education and training, our Medicaid staff gained invaluable knowledge that allowed them to be successful in an efficient and effective manner, uncovering serious flaws in a system leading to restitution for the Commonwealth. That educational investment will pay dividends for years to come. By making further investments in data mining, risk assessment and trend analysis, we hope to increase our ability to target vulnerable areas before ever going into the field, increase our efficiency and timeliness of audit work and be able to turn teams back into the field more quickly, thus improving overall production.

As I close, there are two other initiatives I want to quickly mention. One is our project to redesign and remodel audit reports with a goal of making them more readable, relevant and meaningful with an eye toward the AGA's Citizen Centric Reporting model of making government data and reports understandable to the citizens who own, elect and pay for government.

Lastly, we will soon be launching a system to follow up on agencies actions in response to audit recommendations. Because of resource considerations, there is sometimes a gap before a full follow-up audit is conducted, communication with the

auditee is lost and there is no way of knowing if the audit report is just sitting on a shelf somewhere.

Every citizen has the right to expect efficiency, effectiveness, accountability and transparency from our government, and it is the Auditor's responsibility as the state's fiscal watchdog to ensure our government delivers those qualities. I intend to use the knowledge and leadership skills I have gained over decades of public service to make our government work better.

Thank you again for the opportunity to join you today and for your warm welcome into your association. I look forward to building relationships and working with you to strengthen, support and foster development of the oversight industry. Thank you for your service and I would be happy to answer any questions that you may have.