

# THE AUDITOR'S REPORT



## News & Updates

from the Office of the State Auditor Suzanne M. Bump

*Making government work better*



Suzanne M. Bump  
State Auditor



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Dear Friend,

At a time when governments face pressure to do more with less and find ways to cut expenses, often the first item to be eliminated from a budget is routine maintenance and upgrades. Unfortunately, while this may save money immediately, it often leaves governments with ballooning needs, and limited ability to meet them in the long-term.

This principal was highlighted recently by a municipal impact study released by my office that examined the water infrastructure needs of municipalities. It found that municipalities face at least \$17.8 billion in water infrastructure spending needs over the next twenty years.

Local governments are struggling to meet this need and it's a challenge that's likely to increase as the impacts of climate change and economic growth place additional strains on existing infrastructure.

Addressing this challenge requires a holistic response that will allow for long-term planning and investment. This requires greater state, municipal and federal cooperation, as well as adjustments to regulations to promote collaboration between communities, and increased grant funding.

As State Auditor, I've advocated that government focus on long-term fiscal planning while also balancing how to meet the pressing needs of today. By planning for the long-term, government can not only identify looming challenges—before they become immanent crises—but can also ensure that short-term decisions are made based on a full picture of expected needs.

Thank you,

Suzanne M. Bump  
*Auditor of the Commonwealth*

## Recent Audits

[Nahant Housing Authority](#)

[MassHousing](#)

[Office of Court Interpreter Services](#)

[Carver Housing Authority](#)

[View more audits](#)

## Recent Press Releases

[Auditor Bump Provides Recommendations to Strengthen MassHousing's IT Infrastructure](#)

[Bump Calls on Office of Court Interpreter Services to Improve Payment Processes](#)

[Auditor Bump Calls for Holistic Approach to Meeting Municipal Water Infrastructure Needs](#)

[Audit Recommends Improvements to Compensation, Recordkeeping, Maintenance Policies at Carver Housing Authority](#)

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## Upcoming Events

**Auditor Bump will speak at the Small Business Association of New England's Monthly Meeting,**  
Wednesday, February 15 ,  
8:00 a.m., Westin Hotel, 70  
Third Ave., Waltham



*In Massachusetts, before state services can be privatized, the Office of the State Auditor analyzes proposals to ensure that the privatization will not only save costs, but also maintain the quality of services.*

## OSA Focus: Protecting Taxpayers

Two recent Supreme Judicial Court (SJC) decisions solidify that Massachusetts' privatization process puts the interest of taxpayers first. Under the state's privatization law, known as the Pacheco Law, any proposal to privatize state services is subject to analysis from the [Office of the State Auditor](#) to ensure that it is in the taxpayers' best interest. The analysis considers whether the proposal will not only save costs, but also ensures that it will not result in a reduction in the quality of service. This is reflective of the process any private business owner would take when making a similar decision.

The first case examined a recent privatization of emergency mental health services in Southeastern Massachusetts. In this case, the court affirmed the thorough, unbiased assessment provided by the Auditor's Office that led to approval of the plan. The court concluded that the analysis done by the OSA was sufficient, fair and appropriate.

The second case was related to a decision by the Governor's office in 2009 to bypass the Auditor's Office when privatizing some emergency mental health worker positions in other parts of the state. The administration argued that the Pacheco Law didn't apply because the new workers were doing jobs that were not the same as the eliminated positions. The court disagreed and ruled that the change was subject to the privatization law.

These two cases, when examined together, show the value of the Pacheco Law—it provides a rigorous, unbiased review of privatization proposals to ensure the interests of taxpayers are paramount.

When state services are privatized, taxpayers are still on the hook. In the interest of accountability, the Pacheco Law ensures that taxpayers and consumers of government services benefit from privatization.



## OSA's Work Makes Headlines

### [Our view: Feds need to help with sewer, water expenses](#)

The Newburyport Daily News published an editorial echoing Auditor Bump's call for more collaboration and funding opportunities for water infrastructure projects statewide.

### [Report: Cities and towns need another \\$18 billion for water infrastructure](#)

The Springfield Republican highlights the water infrastructure report's recommendations that the state take steps to assist local communities in meeting their needs.

### [State audit finds Carver Housing Authority deficient](#)

An audit of the Carver Housing Authority found inadequate documentation of compensation for its former executive director, as well as deficiencies in its practices regarding unit inspections, reoccupying vacant units, inventory records, and other areas, as published by the Carver Reporter.



Auditor Bump, right, recently joined Boston Herald radio host Hillary Chabot, left, to discuss challenges facing municipalities. Listen to the [full interview here](#).

[Read more coverage of OSA's work](#)

## Audit Schedules Bill Becomes Law



Since taking office, Auditor Bump has prioritized a risk-based approach to auditing. This means focusing on the areas of government that are at greatest risk for waste, fraud, and abuse. Last month, she took a significant step-forward in this approach when Governor Charlie Baker signed into law a measure that streamlines the schedule of statutorily required audits. The new law reduces the number of low-risk audits the office is required to conduct, and frees up staff and technological resources to focus on areas of government where they are most needed. Just as our work makes government work better, this change will help the Auditor's Office work smarter.

# Accountability in Action: Keeping Pace With Innovation

Technology plays an ever increasing role in the work of government and the services it provides to constituents. With the new possibilities provided by this technology come new threats to state agencies, their physical assets, and their data. It is critical that agencies keep up with the pace of innovation to meet these threats head-on.

To assist state entities in this effort, Auditor Bump recently established an IT audit unit that will audit things such as IT infrastructure and cyber security. One of the key activities of this unit will be to identify areas where agencies are at risk of theft of IT equipment and/or data, or unauthorized access of data, and it will provide recommendations to address the identified deficiencies.

This audit unit recently conducted an audit of the [Massachusetts Housing Finance Agency \(MassHousing\)](#), which found deficiencies in the areas of governance, oversight of contractors, IT inventory, protection of confidential information, and procedures for backing-up information. The audit also found that MassHousing did not properly monitor the business it contracted with to recover data lost in the event of a disaster. As a result of the audit, MassHousing has already begun to address these deficiencies.

Since taking office, Auditor Bump has sought innovative ways to improve government auditing and accountability. By expanding her office's work in the realm of auditing things such as IT infrastructure and cyber security, the OSA will assist state agencies in developing innovative solutions to new problems, and identifying technological threats and vulnerabilities to protect the consumers of government services.



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