



Building Public Trust – The Role of GRC in the Public Sector

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October 22, 2024



Agenda

- 01 Introduction
- 02 Public Sector Environment
- 03 Trust Building
- 04 Keys for IA

BUILDING PUBLIC TRUST

The Role of GRC

Introduction



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BUILDING PUBLIC TRUST

Public Sector Environment

Governance in the Public Sector

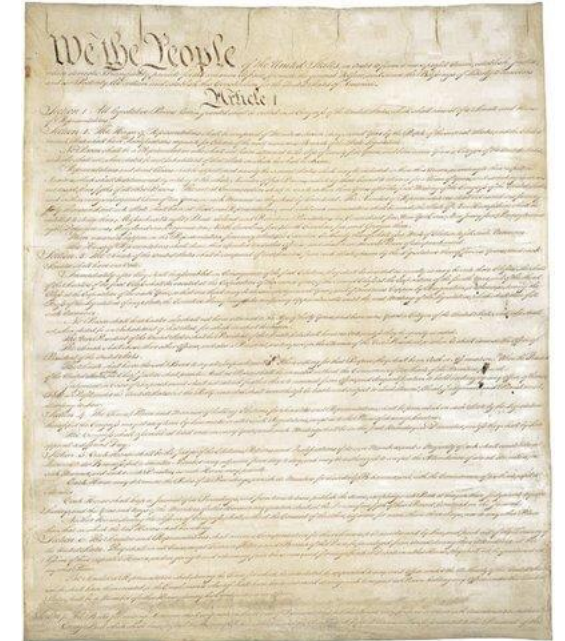
Governance refers to the structures and processes implemented by the governing body that are needed to ensure organizational objectives are achieved. Core aspects to governance in the public sector include:

Constitution and amendments – creates the national government and codifies government structure

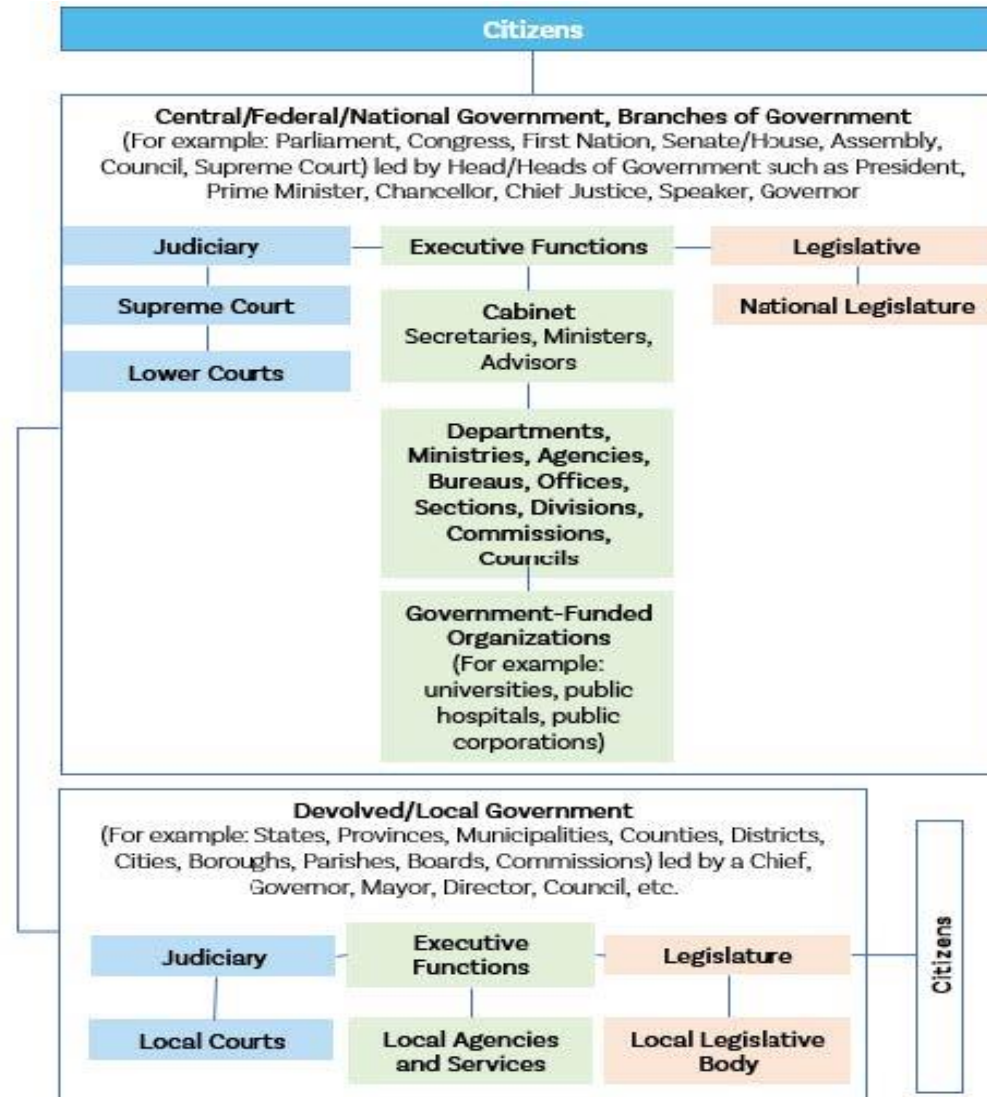
Federalist system – ‘layers’ of government, including federal, state, and local governments

Branches of government – executive, legislative and judicial branches and separations of power

Elections – citizen oversight through periodic elections and ability to recall



Governance Structures – Public Sector



Source:



Governance in a Public Sector Entity

Core aspects to governance within a government entity:

Governance documents – legislative act, charter, etc.

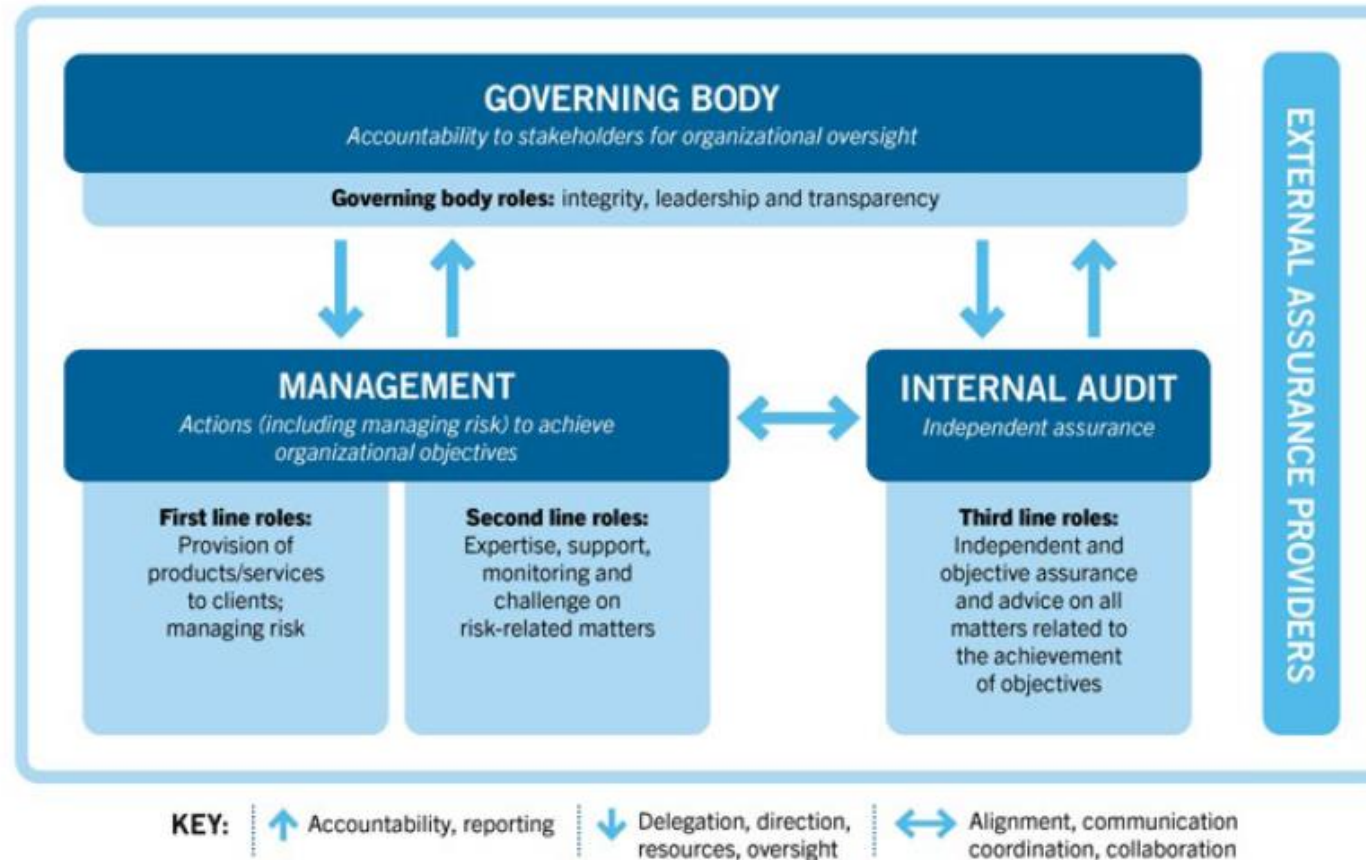
Governing body – Board/Council and committees of the Board

Board approved policies – policies applicable to the entire organization (e.g., procurement)

Organizational structure – chain of command and reporting lines



Managing Risk – Lines of Defense



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Source:



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Trust Building

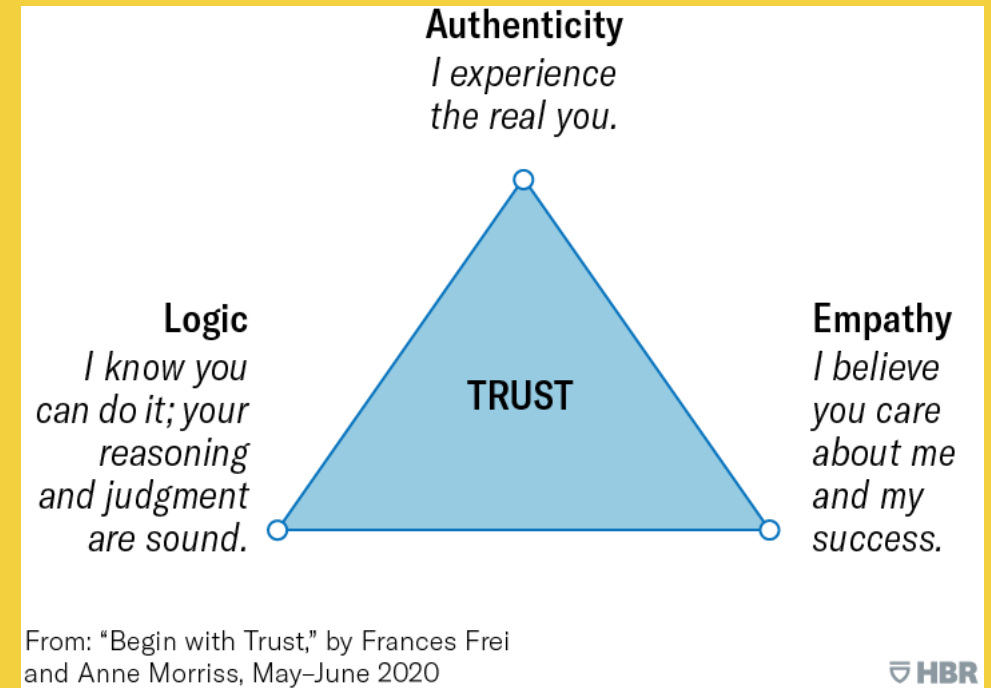


Foundations of Trust

In the public sector, the following are foundations of trust:

- Transparency
- Accountability
- Responsiveness
- Engagement

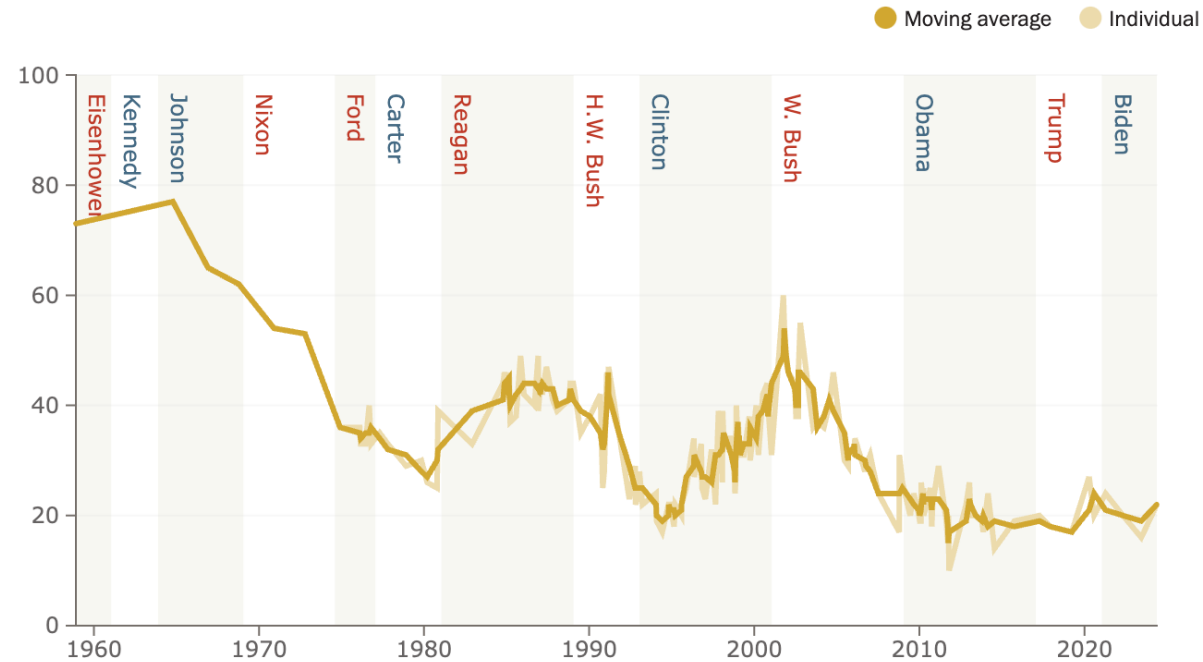
On a scale of 1-10, how trusting are we of our government today?



Public Trust

Public trust in government near historic lows

% who say they trust the government to do what is right just about always/most of the time



Sources: Pew Research Center, National Election Studies, Gallup, ABC/Washington Post, CBS/New York Times, and CNN surveys.

PEW RESEARCH CENTER

Source:



Breaking Trust – Fraud

New report estimates U.S. fraud losses exceed \$233 billion annually

ECONOMIC POLICY

New report estimates U.S. fraud losses exceed \$233 billion annually

The first-of-its-kind analysis, based on spending between 2018 and 2022, follows a week after the White House endorsed new legislation to crack down on fraud including identity theft.

🔊 3 min 🔗 📌 🗨 113



By [Tony Romm](#)

April 16, 2024 at 10:00 a.m. EDT

The U.S. government may lose between \$233 billion and \$521 billion to fraud each year, according to a rough federal estimate, the first of its kind, released Tuesday.

But the author of that report — the nonpartisan Government Accountability Office — simultaneously cautioned that its new figure is incomplete and imprecise because of a lack of reliable data and the inherent challenge in uncovering sophisticated schemes to steal federal funds.

Source:



Breaking Trust – Corruption

NYC Mayor indicted on corruption charges

Eric Adams Is Indicted After Federal Corruption Investigation

The indictment makes Mr. Adams the first sitting mayor of New York City to be charged with a federal crime.

By William K. Rashbaum, Dana Rubinstein, Michael Rothfeld, Edward Wong and Chelsia Rose Marcus

Published Sept. 25, 2024 Updated Sept. 30, 2024

Eric Adams, a retired police captain who was elected as New York City's 110th mayor nearly three years ago on a promise to rein in crime, has been indicted in a federal corruption investigation, people with knowledge of the matter said.

The indictment remained sealed on Wednesday night, and it was unclear what charge or charges Mr. Adams will face. But the federal investigation has focused at least in part on whether Mr. Adams and his campaign conspired with the Turkish government to receive illegal foreign donations.

Source:



Breaking Trust – Politics

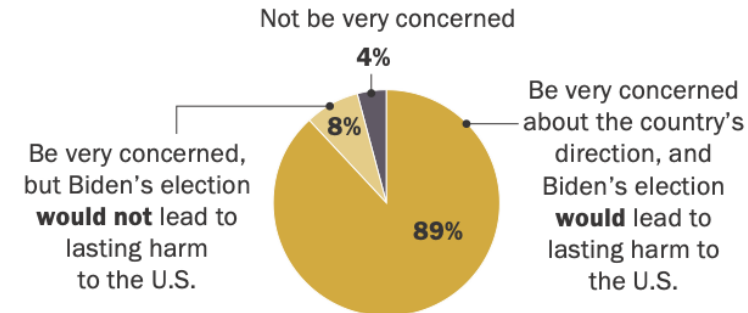
National, state, and local politics...

Source:

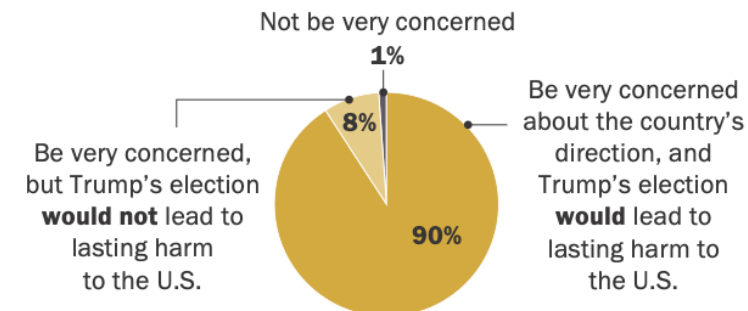


Both Trump and Biden supporters say if the other wins, it would result in lasting harm to the country

% of **Trump supporters** who say they would ____ about the direction of the country if Joe Biden was elected president



% of **Biden supporters** who say they would ____ about the direction of the country if Donald Trump was reelected president



Note: Based on registered voters. No answer responses not shown.
Source: Survey of U.S. adults conducted Sept. 30-Oct. 5, 2020.

PEW RESEARCH CENTER

Breaking Trust – Bad Decisions

Bad political decisions (including Blago)

The 50 Worst Decisions in the Past 50 Years of American Politics

These are the historic blunders, scandals, machinations, and lies that have defined our times

BY ANDY GREENE

JANUARY 22, 2024



Christina Aguilera Meets Raye: Two Vocal Powerhouses...

PHOTO ILLUSTRATION BY GRIFFIN LOTZ. PHOTOGRAPHS IN ILLUSTRATION BY WIN MCNAMEE/GETTY IMAGES; BETTMANN ARCHIVE/GETTY IMAGES/JOHNSON/GETTY IMAGES

Source:



Building Public Trust

Keys to fostering public trust in the public sector include:

Boards and committees – well functioning with qualified members

Administrative policies and procedures – e.g., procurement rules

Open meetings and public comment

Transparency – e.g., FOIA

Engagement with citizens – oversight committees, citizen advisory committee

Effective management

Internal audit – having an internal audit function with all the key elements relating to independence, Board reporting, and more



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Keys for IA



Actions to Consider

Internal Audit should consider taking the following actions:

- Advise the Board and Audit Committee
- Focus on risk and adding value
- Consider trust breakers when assessing risk – fraud, waste, abuse, corruption, etc.
- Lean into complex problems
- Get involved in large projects and initiatives
- Seek to improve internal controls
- Consider reputation risks

Internal Audit's Role in Corporate Governance, IIA



Broaden the Risk Perspective

Business cycle or function specific

- Accounts payable
- Procurement
- Payroll
- Investments
- IT security
- Grant compliance

Strategic initiatives

- Organization transformation
- Employee engagement
- Enterprise risk management
- Artificial intelligence

Capital projects

- Capital projects
- IT implementations

Assess Governance

The IIA's Corporate Governance Toolkit includes 8 core principles and attributes of good governance. Principles include:

- Clear communication across organization
- Meeting shareholder/stakeholder expectations
- Board performance, monitoring management
- Incentivizing performance with sustainable long-term strategies
- Corporate culture
- Information given to the board
- External disclosures
- Evaluating corporate governance

Corporate Governance Toolkit, IIA & Neel Corporate Governance Center



Assess Internal Control Environment

The Government Accountability Office (GAO) offers guidance for federal agencies. The guidance uses the elements of internal control and principles outlined in the COSO framework.

Consider use of tools and templates created by other entities' – the State of Washington publishes audit reports of all sorts as well as best practice guides to use as criteria for a wide range of topics (cyber, federal grant compliance, etc.).

**Standards for Internal Control in the
Federal Government, GAO**



**Office of the Washington State
Auditor Resources**



Consider Fraud, Waste & Abuse

The AGA's Fraud Prevention Toolkit provides auditors with guidance from the perspective of the type of fraud, the business process to which it applies, or the government program under consideration.

Fraud Prevention Toolkit, AGA



Thank you!



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