

2020 Illinois Government Auditing Virtual Conference

Unique Aspects of the Public Sector Internal Auditor



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Texas Department of Public Safety

“Why So Special?”

October 21, 2020

The Game Plan

1. Understand **key differences** that are unique to public sector internal auditing.
2. Explore **strategies** to address the unique challenges public sector internal auditors may face.
3. Learn about the **resources** offered by the IIA to assist and support the public sector internal auditor.



Key Differences

Definition

Public	Private
“of or concerning the people as a whole”	“belonging to or for the use of one particular person or group of people only”

Values

Public	Private
The overall wellbeing of society.	The overall wellbeing of the organization/company (i.e., business profit).

Measure of Success

Public	Private
<ul style="list-style-type: none"><li data-bbox="324 475 595 521">• Intangible<li data-bbox="324 562 726 609">• Outcome-based	<ul style="list-style-type: none"><li data-bbox="985 475 1161 521">• Profit<li data-bbox="985 562 1335 609">• Market Share<li data-bbox="985 649 1199 696">• Growth

Accountability

Public	Private
<ul style="list-style-type: none">• Citizens• Includes public <u>scrutiny</u>	<ul style="list-style-type: none">• Owners• Shareholders

Accounting

Public	Private
<ul style="list-style-type: none"><li data-bbox="324 456 730 562">• Source and Use Accounting	<ul style="list-style-type: none"><li data-bbox="985 475 1392 521">• Cost Accounting<li data-bbox="985 562 1340 609">• Profit Centers<li data-bbox="985 649 1495 696">• Accounts Receivable<li data-bbox="985 737 1238 784">• Revenue

Integrity

Public	Private
<ul style="list-style-type: none"><li data-bbox="324 456 819 500">• The 'means' matters<li data-bbox="324 572 780 615">• Public Expectation<li data-bbox="324 687 850 731">• Erosion of public trust	<ul style="list-style-type: none"><li data-bbox="985 456 1476 554">• 'End' may justify the 'means'<li data-bbox="985 626 1495 670">• Impact to bottom line

Transparency

The General Assembly hereby declares that it is the public policy of the State of Illinois that **access by all persons to public records promotes the transparency and accountability of public bodies** at all levels of government. It is a **fundamental obligation of government** to operate openly and provide public records as expediently and efficiently as possible in compliance with this Act.

Sec. 1.2. Presumption. All records in the custody or possession of a public body are **presumed to be open** to inspection or copying. Any public body that asserts that a record is exempt from disclosure has the burden of proving by clear and convincing evidence that it is exempt.

(5 ILCS 140/) Illinois Freedom of Information Act

Transparency

Public	Private
<ul style="list-style-type: none"><li data-bbox="324 456 633 500">• Expectation<li data-bbox="324 573 909 678">• Limited Exceptions (e.g., security)	<ul style="list-style-type: none"><li data-bbox="985 456 1586 561">• Protection of proprietary and/or intellectual capital<li data-bbox="985 631 1572 736">• Protection of competitive advantage

Equity

Public	Private
<ul style="list-style-type: none"><li data-bbox="324 478 568 514">• Fairness<li data-bbox="324 565 672 601">• Equal access<li data-bbox="324 653 768 689">• Equal competition	

Authority

Public	Private
<ul style="list-style-type: none">• Assume you <i>*can't*</i>• Must be expressly stated• i.e., authorized to do so	<ul style="list-style-type: none">• Assume you <i>*can*</i>• Must be expressly prohibited• i.e., forbidden from doing so (illegal)

Compliance

Public	Private
<ul style="list-style-type: none"><li data-bbox="324 456 942 559">• Laws, Rules, Regulations, Requirements	<ul style="list-style-type: none"><li data-bbox="985 475 1313 521">• It depends...<li data-bbox="985 562 1391 609">• Industry-specific



Strategies for the Public Sector Internal Auditor

Unique Challenge:

Governmental Environment

Approach

Doing Things Right

vs.

Doing the Right Thing

Solution- Focused Strategies

- Limited Budget/Resources
- Bureaucratic Complexities
- Sovereignty
- Recommendations:
 - Process Improvement
 - Scope of Authority
 - Viability

Unique Challenge:

Transparency

Strategies for Transparency

- Tell the Story
- Balanced Presentation
- Maintain Perspective

Balanced Reporting



United States Government Accountability Office
By the Comptroller General of the
United States

July 2018

GOVERNMENT AUDITING STANDARDS

2018 Revision

GAO-18-568G

Chapter 9: Reporting Standards for Performance Audits

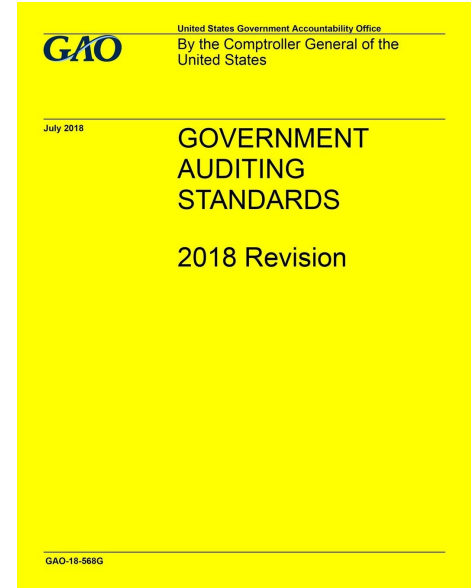
9.17 Report Quality Elements

Objective: Objective means that the presentation of the report is **balanced in content and tone ...refraining from using adjectives or adverbs that characterize evidence in a way that implies criticism or unsupported conclusions... recognize the positive aspects of the program reviewed if applicable to the audit objectives.**

Unique Challenge:

Professional Standards

Advantages of Both



Unique Challenge:

Staffing

Staffing Strategy

Perception Challenges	Strategies
Lower Pay	<ul style="list-style-type: none">• Benefits <u>Package</u>• Work/Life Balance
Lack of Progression	<ul style="list-style-type: none">• Mentoring and Development Programs• Career Ladders• Strategic Project Selection and Management (Grooming)
Perception of Public Sector Careers	<ul style="list-style-type: none">• Core Function• Intrinsic Value• Start at the Source

Other Strategies?





IIA Resources

IIA Public Sector Guidance Committee

IIA Global Public Sector Insights

Standards & Guidance

- Standards & Guidance - IPPF
IPPF Oversight Council
- Mission of Internal Audit
- Mandatory Guidance
- Recommended Guidance
 - Global Guidance Contributor
- Topics and Resources
 - Position Papers
 - [Global Public Sector Insights](#)
 - Sarbanes-Oxley
 - UK Financial Services
 - Responses to Regulators
 - Reprint and Translate

Global Public Sector Insights

In an effort to support the unique needs in the public sector, The IIA provides information tailored specifically to public sector internal auditors and their stakeholders. While Global Public Sector Insights are not considered authoritative guidance as part of the IPPF, they are intended to further clarify the importance of the public sector internal audit to support effective governance, and define key elements needed to maximize the value that audit activity provides to all levels of the public sector. The Public Sector Guidance Committee is in process of reviewing all Global Public Sector Insights to incorporate into Practice Guides specifically for the Public Sector. For access to all guidance currently available to support public sector internal auditors, please see the [Supplemental Guidance page](#).

- *Stephen Home, Chairman IIA International Public Sector Guidance Committee*

Quick Links

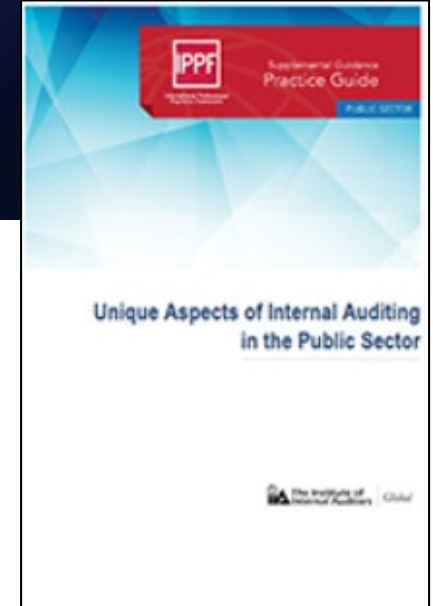
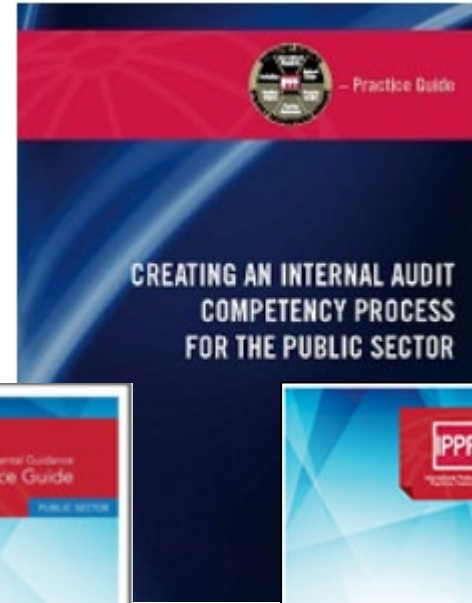
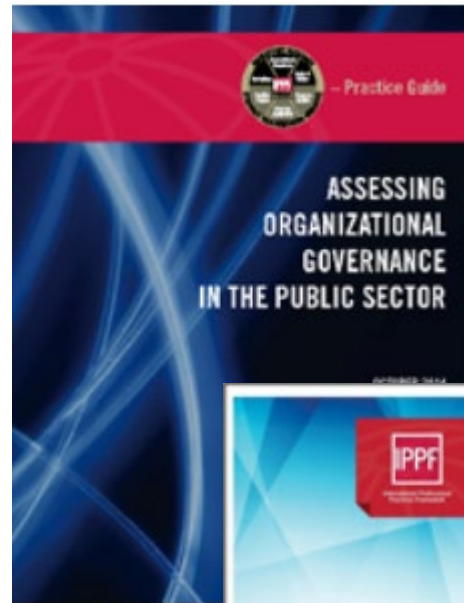
- New Guidance
- Standards
- Code of Ethics
- Become a Global Guidance Contributor

Downloads and Links

Title	Release Date
The IIA & INTOSAI: A Comparison of Authoritative Guidance Frameworks	February 2016
Policy Setting for Public Sector Auditing in the Absence of Government Legislation	October 2014
Independent Audit Committees in Public Sector Organizations	June 2014
Transparency of the Internal Audit Report in the Public Sector	December 2012
Optimizing Public Sector Audit Activities	July 2012
IIA Standards/GAGAS, A Comparison, 2nd Edition	June 2012
Implementing a New Internal Audit Function in the Public Sector	April 2012
Value Proposition of Internal Audit and the Internal Audit Capability Model	March 2012
The Role of Auditing in Public Sector Governance, 2nd Edition	January 2012
Public Sector Definition	December 2011

[Contact Us](#)

Guidance from the IIA PSGC



IIA Public Sector Audit Center

IIA Public Sector Audit Center



Public Sector™
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**Knowledge Brief:
Compliance Issues to
Watch in 2020**

In 2020, internal auditing activities in the public sector are facing significant compliance challenges from the technical to the political to the cultural.

[LEARN MORE](#)

Events

Tuesday, November 10, 2020 - Thursday, November 12, 2020
[Virtual Symposium – Register Today!](#)

Monday, December 7, 2020
[Encore Presentation: Assessing Risk in the Public Sector](#)

Thursday, December 10, 2020
[How to Audit \(and Do All the Other Stuff\) with Integrity](#)

[View Event Calendar](#)

Media



What Value Does the Public Sector Audit Center Offer?

Latest News



Specialty Audit Centers Now Included With Membership

The IIA's Financial Services, Public Sector, and Environmental, Health & Safety Audit Centers will now be included with membership, giving you preferred access to industry-specific webinars, Knowledge Briefs, and more at no additional charge. | [More](#)



Navigating to the IIA PSAC

The screenshot shows the IIA North America website interface. At the top, there are navigation links: "Find Your Local IIA", "Contact Us", "IIA Global", "Join The IIA", "Account", and "Sign Out". The main header features the IIA logo and a search bar. Below the header is a horizontal menu with tabs: "Standards & Guidance", "Bookstore & Publications", "Certifications & Qualifications", "Learning & Events", "Membership", and "Services". A large red arrow points to the "Services" tab. Under the "Services" tab, there are three main categories: "Assessments & Benchmarking", "Trending", and "Specialty Centers". The "Specialty Centers" category lists: "Audit Executive Center", "Environmental, Health & Safety Audit Center", "Financial Services Audit Center", and "Public Sector Audit Center". A second red arrow points to the "Public Sector Audit Center" link. On the right side of the page, there is a vertical sidebar with a "JOIN THE IIA" button and a list of links: "Bookstore", "Access CCMS", "CAE Resources", and "Audit Channel". At the bottom of the page, there are sections for "Latest News" and "Upcoming Events". The Windows taskbar is visible at the bottom of the browser window, showing the time as 1:39 PM on 2/13/2020.

Am I a
member of
the PSAC?

If you are already an IIA
Individual Government
Member or a Government
Audit Program (GAP) Group
Member, you will
automatically have access to
the additional benefits
offered by the Center.



Questions?

Remember

1. Yes, you are **special!**
2. With that distinctiveness comes **unique challenges** and **opportunities.**
3. Reach out to the **resources** available to you.

THANK YOU!



Texas Department of Public Safety

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