LEGISLATIVE AUDIT DIVISION

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MEMORANDUM

TO: Legislative Audit Committee Members

FROM: Joe Murray, Deputy Legislative Auditor, Performance and Information Systems Audits

DATE: May 2020

RE: Potential Audit Areas – State Pandemic and Emergency Response

COVID-19 has tested the resolve of Montana's citizens, businesses, and state government to respond to a pandemic not seen in most of our lifetimes. This memorandum provides an overview of Montana State government's response to COVID-19 and outlines some areas we could potentially include in our performance and information systems (IS) audit work in the upcoming year. We would like to discuss these topics with the Legislative Audit Committee to gauge its interest in these areas. Additionally, we would like to obtain Committee input on other topics not included in this memorandum it believes might warrant further review. This memorandum includes potential performance and IS audit work. At the June 2020 Committee meeting, we will be providing a list of potential performance audit topics and asking the Committee to prioritize the work it wants completed in the upcoming year. In December 2020, we will again be providing the Committee with a list of potential IS audits for the Committee to prioritize. If there is interest in conducting either performance or information system audit work related to COVID-19 response, we can add those topics to each list presented to the Committee for consideration during its prioritization decisions.

COVID-19 Overview
To respond to COVID-19, the State of Montana implemented Emergency Onsite and Remote Work Procedures in March 2020. These procedures were designed to protect the health and safety of state employees and reduce potential exposure to the COVID-19 virus, while maintaining necessary state-government operations. These emergency procedures generally required each department director or agency head to identify, along with agency management, those employees who could work remotely while maintaining the department's current operations. The procedures also asked management to identify the necessary technology needed and available to work remotely and begin the transition to do so. Agency managers were responsible for establishing employee expectations for employees working remotely. For employees unable to work remotely, agency management needed to ensure recommended social distancing and disinfecting guidelines can be met for these employees. Employees are responsible for ensuring an appropriate work environment within their home or other identified remote work location, track actual hours worked, and report time worked on timesheets. Each state agency determined equipment needs for employees on a case-by-case basis.

CARES Act Funding
The federal CARES Act provided Montana with $1.25 billion to help address state government response to the COVID-19 pandemic. Presently, there is limited federal guidance on how this funding should be used or how or where it will be distributed. This is a challenge in all states, including Montana. Should the federal government eventually classify CARES Act money as federal assistance, our Financial-Compliance audit team will test compliance on how funding was used as part of their single audit work. If

guidance is not provided, our Financial-Compliance audit team will likely review how some Cares Act funding is used as part of the normal audit testing within state agencies. Performance audit and IS work may also be able to incorporate a review of CARES Act funding in terms of fund management, accountability, and outcomes specific to programs being reviewed. However, without federal guidance it is unclear how oversight and accountability for this federal funding will be provided. Nonetheless, use of any CARES funding would still need to adhere to proper accounting procedures, state law, state policy, and best practices related to agency operations and IS processes.

Potential Performance Audit Areas
The Emergency Onsite and Remote Work Procedures required several unexpected changes to state government operations. Performance audit work could evaluate how or if these changes impacted state government services provided to private citizens and Montana's business community. Some potential areas that could be considered for review include:

Testing Capacity/Coordination – There were reports of limited COVID-19 testing capacity. Audit work could review the level of testing that was completed. If limited testing was available, was it due to coordination issues between federal, state, university, and private labs or because they did not meet regulatory standards to conduct tests.

Pandemic Data Collection, Reporting and Response – Data analytics for tracking and report COVID-19 testing, infections, and deaths reportedly relied on third parties instead of direct data collection by government agencies due to a lack of capability and capacity to do so. Audit work could evaluate the accuracy of information provided to and reported to Montana state agencies regarding COVID-19 trends and agency capability to collect this data. Furthermore, the Department of Public Health and Human Services (DPHHS) has a specific function focused on communicable diseases and preparation. We could assess DPHHS role in managing communicable disease outbreaks, including preparedness and coordination among federal, state, and local public health entities.

Remote Working (Work from Home) – The increased volume in remote working due to COVID-19 resulted in thousands of state employees working from home. This changed how state agencies conducted business, provided public services, and required a change in daily management of employees. Audit work could review how remote working was managed and how it may have impacted delivery of government services.

Online Education – The closure of schools across the state resulted public education institutions suddenly transitioning to online learning. There have been questions related to capacity, educator expectations, student educational outcomes, and management of the online learning process. Audit work could assess how schools implemented their online training curriculum to ensure continued fulfilment of student educational needs.

Disaster Preparedness/Coordination – COVID-19 raised questions regarding the State of Montana's preparedness to respond to natural disasters or other unforeseen emergencies. Audit work could be a multi-agency review including Disaster and Emergency Services, the Department of Justice, and DPHHS. We could examine how they coordinate with each other and local governments to manage disaster preparedness to ensure efficient response to potential disasters around the state.

Unemployment Insurance – Business closures and other restrictions have resulted in unprecedented strains on state unemployment insurance (UI) systems across the nation. Audit work could involve review of the resilience of UI technology systems and processes, efforts to mitigate

wait times or resolve other problems for employees trying to access systems, or trends in claims and payment volume, frequency, or longevity through the period when different levels of state restrictions have been in place.

Potential Information System Audit Areas

Emergency Onsite and Remote Work Procedures resulted in state employees working remotely. This put increased strain on state government information technology (IT) resources. It required employees be provided IT equipment to continue conducting their jobs from home in a secure environment. It also increased the need for more online communication between employees and management, as well as employees and the public. There are also increased risk to the security of state and personal data in these situations. Some potential areas that could be considered for review include:

Technical Incident Response and Business Continuity – This area could assess the reaction of state agencies to COVID-19 in relation to IT capacity to help maintain the continuity of state government operations. Specific areas to review could include an assessment if a scenario of this magnitude was included in the IT incident response and continuity plan, if funding was redirected to help maintain IT capacity and the sources of this funding, what was the impact to external service provides, and did the overall process meet the objectives of incident response and continuity plan.

IT Security – It is important IT security measures be maintained when employees are using state computer equipment to work from home. This is imperative to ensure state data and personal information (e.g. individual health information) remains protected. We could assess if security was considered in the urgency to deploy remote working arrangements for employees and the level of guidance give to employees to ensure security while working from home. We could also determine the level of oversight the State Information Technology Services Division (SITSD) provided to agencies while deploying staff to work remotely. Potential audit work could also evaluate security over state IT assets and the level of evaluation by SITSD or agencies for any potential threats to state or personal data.

Data Integrity – Potential audit work could review data (e.g. health, financial, etc.) gathered or used by state agencies specific to COVID-19 in Montana. This could include assessing the accuracy, consistency, security to maintain integrity regarding COVID-19 data gathered by the state. Audit work could review the efficiency of COVID-19 data and if the flow of this information hindered decision-making or reporting by government officials.