

COMMUNICATIONS TEAM

Increase the impact and effectiveness of our work by delivering a more compelling message to a larger audience.

Media Engagement and Outreach

The Communications Team has been focused on its strategic objective to establish a social media presence for the Audit Division and increase our outreach efforts with traditional media to provide for wider distribution of report products. In July, LAD hired its first Digital Content Editor, a position that is going to be responsible for efforts to drive engagement with our products. Our most recent work has been focused on how to effectively use social media to focus attention on upcoming Audit Committee meetings and provide meaningful context for report hearings. Our initial social media initiative is summarized as follows:

- Twitter: @MTLegAudit
- Gradual, low-profile debut/roll-out in September
- Seeking to inform, not necessarily engage
- Promoting reports as released, without comment
- Other: Hires, audit milestones, fieldwork photos, etc.
- Primary goal: Drive interest/attention/attendance to public hearings on audit reports

As the Digital Editor position gets more integrated into our work, we plan on addressing remaining parts of our overall communications strategy, including:

- Additional proactive outreach to traditional media
- Ongoing changes to report format

PEOPLE TEAM

Invest in our highly qualified workforce by increasing the professional development and training support we provide to staff.

Professional Development on a Common Timeline

The people team has now moved into the implementation phase of our multi-year effort to reform our approach to staff careers and professional development. Following implementation of new career ladder positions and pay plan changes, we are now turning our attention to integration of professional development, performance evaluation and training processes. The most immediate change is moving all staff to a common timeline for performance evaluation and related actions. This will be quite a departure from our traditional anniversary-based system, but will offer significant benefits in terms of more timely outcomes for staff, and greater predictability in budgeting and other administrative processes. Investing in our workforce is not just about compensation. We also need to improve our ability to understand what employees need and want out of a rewarding career, and how to make this happen.

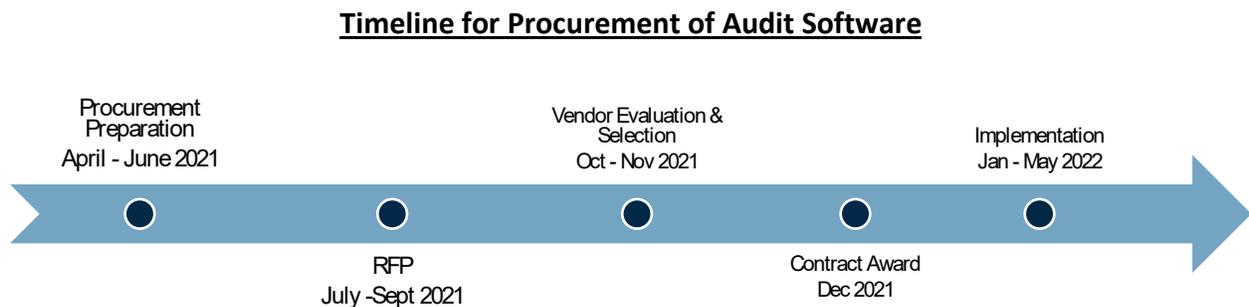


TECHNOLOGY TEAM

Improve our ability to innovate in all aspects of our work and integrate new technology that adds value to our products.

Audit Software Procurement

One of the Tech Team’s strategic objectives is to procure and implement an audit management software solution, focusing on audit work paper management functionality with potential for enterprise resource and project management functionality. The purpose of this software is to provide a more consistent platform for audit management and to consolidate project work papers and documentation into a single repository. We are currently in the procurement process for this software. Our procurement and expected implementation timeline is shown below.



We have received 4 responses from vendors. We will be evaluating and scoring their submissions in the coming weeks. We are hoping to select a vendor and award the contract by the end of this calendar year.

Technology Training

Another Tech Team goal is to support staff with training on technology to better integrate technology innovation in our work and to identify opportunities to make our work more efficient. We surveyed staff about their technology issues and training needs related to technology in January 2021. Most staff desired more training on technology as it relates to dealing with data. We currently have a group of staff taking training on Microsoft Power Pivot, Power Query, and Power BI. We are considering how we can incorporate this type of training into individual training plans. We believe that increasing our knowledge of and skills with these tools will make our work more efficient and will enhance our ability to obtain, understand, analyze, and visualize data

FINANCIAL AUDIT TEAM

Ensure financial-compliance audits provides timely and meaningful audit services.

Annual vs. Biennial Single Audit

The Financial Audit team has identified 4 inter-related initiatives addressing the costs and benefits of performing various audit services on behalf of the legislature. We are focusing on the cost benefit to completing an annual vs biennial Single Audit first. Our goal is to have additional materials available for the January committee meeting. However, we are facing increasing difficulty in analyzing annual vs biennial Single Audit as a result of new or expanded federal programs being implemented under various Covid-related funding initiatives. We expect these changes in audit requirements for federal programs to impact us through 2025 and the impact of each program is on multiple agencies. To date COVID 19 has resulted in 6 new major programs we need to test, and additional federal guidance is continually changing which impacts the scope of our work.

Work to date paints a picture of an annual audit costing about twice as much as a biennial audit and would require an additional 3 FTE. This is preliminary and final analysis could change this. This also assumes no other changes occur in the scale or scope of our financial audit activities that would result in reallocating resources to federal testing. Our next priority will be to compile data to compare costs and benefits of only completing the ACFR audit, most component unit audits, and Single Audit versus these audits plus a biennial financial compliance audits for all state agencies as currently required. Auditing required under federal regulations for funds received in response to COVID have added over 2,000 hours of work for financial compliance. Given the federal deadlines, we have had to prioritize this over starting this initiative work.

PERFORMANCE AUDIT TEAM

Improve the scope and relevance of performance audit projects to ensure they meet the needs of the Legislature and maximize our ability to address important public policy issues across state government.

New Performance Audit Product

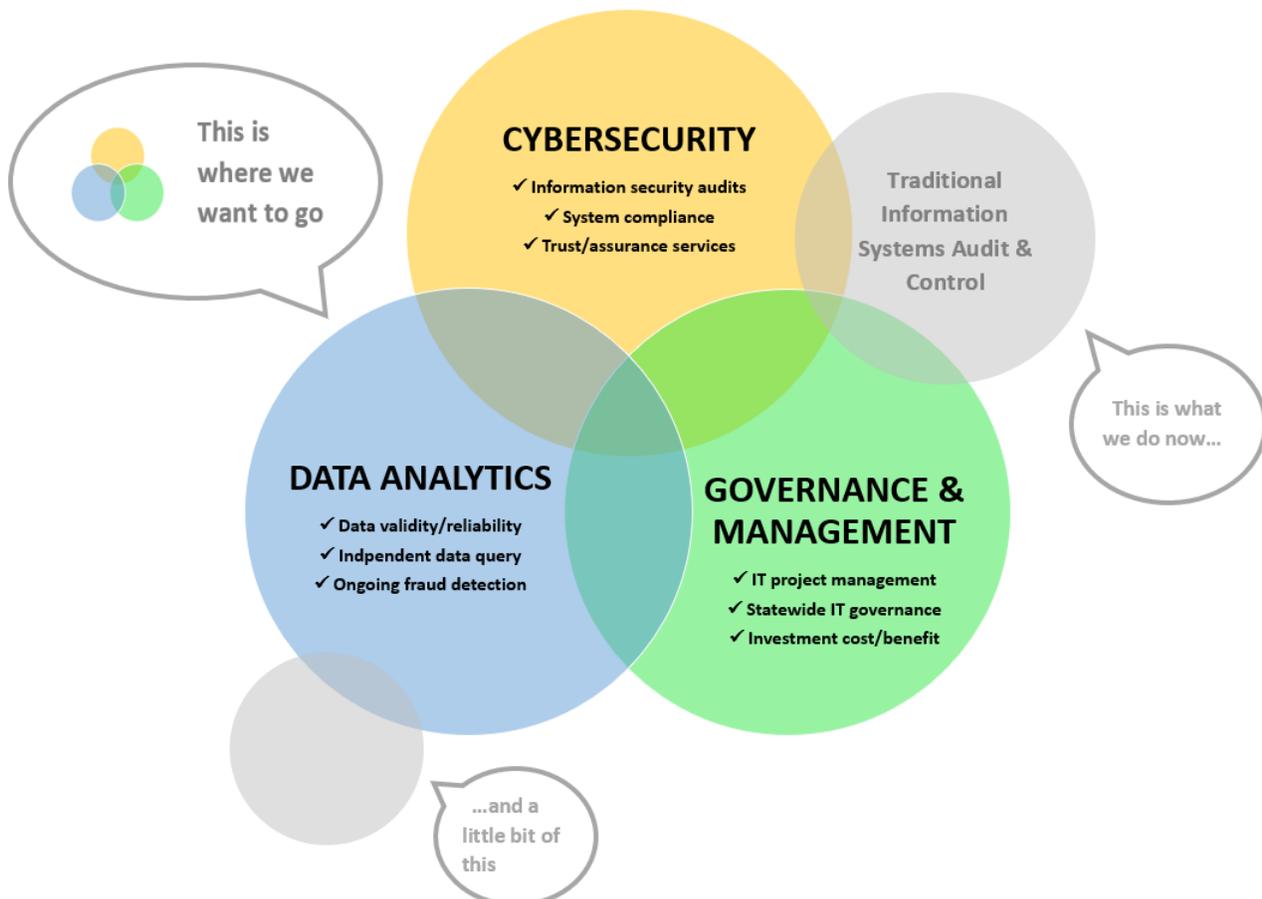
Last year we discussed identifying new performance audit products to better answer different types of questions presented to the office and do so in a timely manner. As a result of our efforts, we are now introducing a new performance audit product called “Focused Evaluations”. Focused Evaluations are accelerated and narrowly scoped audits. Focused evaluations will be used to address specific questions posed by the legislature and topics that do not always fit well within a traditional performance audit. They will follow Generally Accepted Government Auditing Standards, but process requirements will be more streamlined. As a result, these types of projects will move more quickly. The accelerated completion will boost their responsiveness and relevance to the legislature. Resulting reports will be shorter than a performance audit report. The SB 303 required performance audit of the Inmate Welfare fund has been identified as a good pilot candidate for a Focused Evaluation and will be presented to the LAC in 2022.

INFORMATION SYSTEMS AUDIT TEAM

Increase the visibility and impact of our work on information technology by strengthening the internal and external role/presence of the Information Systems audit team.

Re-Organization Based on Technology Risk

LAD has had a technology audit function for many years, but this team has historically struggled for a sense of purpose within the organization. We are now at a point where rapidly evolving technology risks in state government are threatening to overwhelm our ability to effectively address or anticipate issues. Developments in peer organizations in other states point to the emergence of technology-focused teams structured to deliver a wider range of services and products. This is a natural continuation of long-term industry trends shifting the IT audit focus from an exclusive support service for financial reporting/auditing, to addressing a broad spectrum of technology risks. We need to develop a wider range of competencies within the team, reinstate deputy-level leadership for the function, assess where investing in additional staff will deliver benefits, and propose a new funding mechanism to ensure services that support agencies are also funded by them.



SERVICE SUPPORT TEAM

Improve our knowledge and understanding of LAD information resources and protect our organization from either having too much or not enough information.

Audit Access Statutory Research

The starting point for much of our information sourcing needs are the state agencies we work with. The Legislative Audit Act provides broad authority for the division that includes the right to access, but not disclose, confidential information. This broad grant of authority has served us well over the years, but it has come under increasing strain in recent years as agencies have sought new/novel ways to challenge our ability to access information. Under current statute, agencies face few, if any, consequences for either refusing or delaying our information requests. We are currently beginning the process of researching the statutory basis and history behind Montana's audit access laws, and also identifying peer organizations in other states to determine how we compare with similar jurisdictions. This is going to help us identify any weaknesses in our existing statutory authority, and also any potential areas where revisions should be considered. We anticipate providing some initial research results for the Audit Committee to review in January, followed by more specific proposals towards the middle of next year.