

What auditors are saying about evaluation...

AES 16, International Evaluation Conference
19-21 September 2016, Perth



WHAT YOU WILL HEAR

I will present some lessons and insights for evaluation from a range of recent audit reports by regulators and assurance providers, from across a range of Australian and international jurisdictions.

Effectively, is a snapshot of some of the things auditors have said that relate to evaluation during 2015-2016.

WHAT ELSE?

I will talk about four reports.

All provide insights into evaluation practice and use.

All make recommendations that evaluators might find interesting, and that reach across the boundary between assurance and evaluation.

IN 5 SLIDES

I have been summarising reports into a simple five-stage format for a number of years now, for my own use and reference.

The simple flow I use is:

- What was the report looking at?
- What does it say? and
- What does that mean?

You can find them on Slideshare.net

British Columbia Auditor General audit of Maturity of Computing Controls...



Strong general computing controls are government's first line of defence against potential threats.

The Auditor General looked at how good government's general computing controls were, and how good 148 agencies thought they were.

WHAT DOES IT SAY.

The current COBIT 4.1 maturity model worked superbly for this audit of IT management systems.

The AG recommended that BC government adopt a target maturity level of 3.

This means that each perspective of the management system is defined and staff are trained.

WHAT ELSE DOES IT SAY.

Self-assessments were generally optimistic. No surprises.

Most agencies rated themselves at a maturity level of 3 or above. Central agencies and health sector agencies rated themselves well into the 4s and 5s.

The AG found that 69% of the validated agencies overstated their maturity level.

WHAT ELSE DOES IT SAY.

The audit identified more than 600 outsourced IT projects, which raises the importance of general computing controls.

This raises the risks of: fraud, human error and down-time.

I didn't see analysis of instances where outsourcing has led to higher maturity levels, and lower risks.

WHAT DOES IT MEAN.

- This report justifies general computing controls better than most.
- **Perhaps central agencies, and the health sector, have gone beyond a cost-effective optimum, self-assessing controls well above maturity level of 3.**
- Always seek to validate self-assessments to gain more insight.

The comments on these slides are the views of Tim Kirby, Sydney.
You should always read the report itself before putting any money on the line.

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FEBRUARY 2016

VAGO's Audit of Food and Fibre RD&E...



Agricultural productivity growth has slowed, due to drought and declining public investment in agricultural research, development and extension.

The Auditor General looked at how well agricultural RD&E is driving innovation, productivity and practice change.

WHAT DOES IT SAY.

The auditors identify a lot that is going well, including a sound framework for RD&E, sound service delivery model and successes on the ground.

The recommendations seem to be just fine-tuning around the edges.

The report does mention a couple of ominous trends.

WHAT ELSE DOES IT SAY.

It has been both difficult to attract industry co-investment and difficult to do extension.

These are perennial problems for all government RD&E. It is always hard to have enough staff 'on the ground' and to convince individuals to invest in government-run research.

Perhaps, given the auditors lack of emphasis, we can assume that these difficulties are not out hand yet.

WHAT ELSE DOES IT SAY.

MER is providing evidence of success and the draft Framework is working.

So why is it still draft?

Evaluation professionals should take note that the auditor specifically identifies the need for development of evaluation guidelines and evaluation planning.

WHAT DOES IT MEAN.

- This report says that agricultural RD&E is going OK.
- A lesson for government is that machinery of government changes have a much deeper impact than simply shifting chairs and changing logos.
- Engagement with farmers is hard, and getting them to invest in something with government is even harder

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AUGUST 2016

UK Auditor General progress report on the Sellafield Nuclear Decontamination project...



Sellafield is the UK's largest and most hazardous nuclear site. The decommissioning is costing billions. The Government had to fire key private sector contractors last year.

The National Audit Office had a look to see how things were going.

WHAT DOES IT SAY.

While the costs are in the ball-park of other infrastructure projects, the timeframes are well-beyond normal project experience.

They have a detailed work schedule for decommissioning out to 2134.

Time-frames have blown out by an aggregate of 271 months for six projects.

WHAT ELSE DOES IT SAY.

Cost estimate of one part of the project – direct encapsulation of silos – has risen from £1.3B in 2013 to £2.7B in 2014 –this is now the third crack to plan this job.

Unable to achieve reprocessing targets in the past, Sellafield have now revised their targets down!

Following oversight comments, the PPP executive costs had been more than halved to £10.8M – showing that perhaps there had been some milking of the project.

WHAT ELSE DOES IT SAY.

Sellafield operations began in the 1940s, but the solutions are still not well understood, two generations later.

The government was wearing all the cost and risk of overruns, so they have decided to set up a new PPP, taking back site control.

This will be based on a ‘market-enhanced site licence company’, and it will take at least a year to get it in place – which is a jiffy in the timescale of the project.

WHAT DOES IT MEAN.

- Lots to learn here about public private partnerships and project management.
- Decommissioning nuclear sites is so complex that the cost estimates and completion scheduling look like voodoo guess work.
- Perhaps the PPP model deployed matters – perhaps it doesn't.
- The value of oversight seems really clear and we can expect more audits over the next 120 years.

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APRIL 2015

British Columbia Auditor General audit of *Assessing Cumulative Effects...*



Natural resource development is a key part of the BC economy, so the Auditor General sought to explore how well the Ministry of Forests, Lands and Natural Resource Operations (FLNRO) was managing the cumulative effects over time, of multiple individual developments.

WHAT DOES IT SAY.

The auditor says FLNRO was not dealing with cumulative impacts very well. There was no regulatory requirement to do so, until recently.

The report focusses on resource management in the Skeena region of BC.

The auditor makes nine recommendations to fix things up. Including improving monitoring of natural resource values that are likely to suffer cumulative impact.

WHAT ELSE DOES IT SAY.

FLNRO has developed a Cumulative Effects Assessment Framework that should help. It is not due for full use until 2021 though, something FLNRO disputes.

In fact, FLNRO disputes most of the findings, which is rare for a performance audit report.

Either FLNRO didn't provide enough information to the auditors, or the auditors didn't find the information credible, against the weight of other evidence. It looks like the latter.

WHAT ELSE DOES IT SAY.

Natural resource development involves lots of government agencies, and the roles and responsibilities get confused.

It seems that this is the main reason for the failure.

The government takes some of the blame, for not clearly establishing who should be responsible for considering cumulative impact.

WHAT DOES IT MEAN.

- BC agencies haven't been taking responsibility for cumulative impact.
- **They don't seem to be willing to hear the auditor's conclusion either.**
- So, it is not clear when consideration of cumulative effects will improve.

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AUGUST 2015

Dairy NZ 2016 progress report *Water Accord: Two years on with...*



The Sustainable Dairy Water Accord aims to encourage dairy farmers to undertake management practices that will have less impact on freshwater.

Two (dairying) years in, we should be able to see if it will work..

WHAT DOES IT SAY.

The report is very positive about achieving stock exclusion from 96% of waterways.

The fine print says this doesn't include ephemeral creeks and streams that provide inflow during a rainfall event, or regular stock crossing points, of which most waterways on dairy farms will have at least one.

And what is it with non-compliances in Northland?

WHAT ELSE DOES IT SAY.

Nutrient management is receiving a lot of focus.

It seems that the Accord started from a very low base, but has now established tools and a decent cohort of 100 professionals that are helping farmers to complete nutrient balances.

So this looks good for the industry.

WHAT ELSE DOES IT SAY.

But the report has a pretty useless audit report, that does not follow the international standards for auditing non-financial information.

The auditors excluded:

- all financial information (including headlines), and
- the information in the eight case studies (about 20% of the report).

I get about zero confidence from it.

WHAT DOES IT MEAN.

- The dairy industry is making progress, but from a surprisingly low base.
- **But the report doesn't convince me that it is not just spin.**
- The headline claim of \$1 billion dollars invested in improvements, and the engaging case studies, weren't even audited.
- What was the point?

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JULY 2016

WHAT DOES IT MEAN.

- Auditors still like evaluation- it is an important accountability tool.
- Auditors feel your pain.
- Auditors are not infallible.

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SEPTEMBER 2016