

ROLE 1: AUDIT PERFORMANCE OR PM SYSTEMS

Practice 1b. Audit performance management systems: Audit or assess existing performance management systems or practices.

State of Michigan Auditor General (www.state.mi.us/audgen): Ten years ago the Governor ordered State agencies to implement management systems that include establishment of performance measures and related information systems to gather performance data. The Office of the Auditor General's performance audits routinely address the extent to which State agencies have processes in place to measure the success of their programs. The Auditor General's Office uses a "continuous quality improvement framework" as a model to guide its determination of whether an agency has the measures and systems in place to adequately evaluate program effectiveness, and to determine what system improvements to recommend. The framework is documented as a flowchart with a series of steps for auditors to follow, and key questions that determine direction of an auditor's study, including, for example:

- Are goals and objectives measurable?
 - If "No," develop performance measures in consultation with the program;
 - If "Yes," go to the next question.
- Is there a management information system (MIS) to monitor effectiveness?
 - If "No," determine if data exists to measure the effectiveness of the program in achieving its mission, goals, objectives;
 - If "Yes," go to the next question.
- Are MIS data accurate and reliable?

For all "no" answers, the framework notes "consider an audit finding." For all "yes" answers, the framework notes "consider a noteworthy accomplishment." For example, in an audit of the effectiveness of reducing the generation of waste issued in a February 2002 report, the Auditor General found that the Department of Environmental Quality (DEQ) did not have a fully developed performance measurement methodology by which management or the legislature could assess the effectiveness of DEQ's efforts to facilitate source reduction activities. The audit found that the DEQ lacks performance standards and goals as well as a management information system to gather accurate performance data, to compare performance data with desired outcomes, and to report the results of the comparison to management. The Auditor General recommended that the DEQ fully develop a performance assessment methodology by which DEQ management and the legislature can assess the effectiveness of DEQ's efforts to facilitate source reduction activities.

The report *Performance Audit of Source Reduction and Recycling Activities: Department of Environmental Quality*, February 2002, is available from the Auditor General's website (www.state.mi.us/audgen).