

Audit Recommendation Implementation Study

Report No. 95-4 -- Report Summary

Nancy McDaniel, Management Auditor

TABLE OF CONTENTS

▶ [Introduction and Background](#)

▶ [Objective and Scope](#)

▶ Major Findings:

- ▶ [Finding](#) - 56% of Recommendations Were Implemented; 15% In Progress.
 - ▶ [Finding](#) - Financial Audits Had the Highest Implementation Rate.
-

INTRODUCTION AND BACKGROUND

The management study of Audit Recommendation Implementation was included in the 1995 Auditor's Office work program.

The Auditor's Office conducts the following types of audits:

- Financial audits - to determine whether financial operations are being properly conducted, if the financial reports of the audited agency are presented fairly, and whether the agency has complied with applicable laws and regulations.
 - Management audits - to determine if an agency is managing or utilizing its resources in an economical and efficient manner, and the causes of any inefficiencies or uneconomical practices; or to determine if specific programs are achieving the desired results, whether the objectives established by the Council are being met, and if the agency has considered alternatives which might yield desired results at a lower cost.
 - Special studies - to evaluate effectiveness or efficiency of a function or activity when an audit is not needed or appropriate.
-

OBJECTIVE AND SCOPE

The objective of the study was to survey a sample of past audits to determine if audit recommendations were being implemented. The study reviewed all Auditor's Office audits that were completed and presented to the Council from 1991 through 1993, and the first two audits presented in 1994, a total of 35 audits.

The Auditor's Office contacted appropriate department directors and division managers and requested a written report on the status of audit recommendations relevant to their agency, along with documentation of the steps they had taken to implement the recommendations. Audit staff then met with agency personnel to review responses and supporting documentation and made a final determination of the implementation status. It is important to note that the implementation status is a snapshot as of the date audit staff concluded their review of each audit. Changes made after that date are not included in the study report.

Categories of Implementation Status

The following categories were used to designate the status of audit recommendations:

- Implemented, i.e., full compliance with the recommendation by the agency responsible for implementation;
- In progress, i.e., continuing action toward complete implementation;

- Partially implemented, i.e., the recommendation had been implemented in part, but there were no ongoing efforts toward full implementation;
- Not implemented; and
- Not applicable, i.e., where changes in legislation or other circumstances made implementation irrelevant or unnecessary.

MAJOR FINDINGS AND RECOMMENDATIONS

Finding 1. 56% of Recommendations Were Implemented; 15% In Progress

The results of the survey are summarized below in Exhibit 1. The number of recommendations in each category is shown for all audits and studies reviewed, as well as the percentage of each category. The numbers are also broken out by the year the audit was completed and presented to the Council.

Exhibit 1
Summary of Audit Recommendation Implementation

Status of Recommendation						
Year Implemented	In Progress	Partially Implemented	Not Implemented	Not Implemented	Applicable	TOTAL
1991	54 (65.1%)	9 (10.8%)	12 (14.5%)	7 (8.4%)	1 (1.2%)	83 (100%)
1992	157 (57.1%)	49 (17.8%)	38 (13.8%)	28 (10.2%)	3 (1.1%)	275 (100%)
1993	99 (54.7%)	28 (15.5%)	24 (13.3%)	27 (14.9%)	3 (1.7%)	181 (100%)
1994	18 (39.1%)	3 (6.5%)	15 (32.6%)	10 (21.7%)	0 (0.0%)	46 (100%)
TOTAL	328 (56.1%)	89 (15.2%)	89 (15.2%)	72 (12.3%)	7 (1.2%)	585 (100%)

Note: Due to rounding, not all percentages total exactly 100%.

As the exhibit shows, out of a total of 585 recommendations in the audits reviewed, 328 were implemented, an implementation rate of 56%. Including the 89 recommendations where implementation was still in progress, the overall implementation rate was 71%. Another 89 recommendations (15%) had been implemented in part, and 72 recommendations (12%) had not been implemented.

For this sample of audits, the percentage of recommendations implemented or in progress increased with the length of time that the audit had been completed. Of the audits completed in 1991, 65% of recommendations had been implemented; 76% were implemented or in progress. For the audits completed in 1992, 57% of recommendations were implemented, with 75% either implemented or in progress. Audits completed in 1993 had an implementation rate of 55%, and 70% of recommendations were either implemented or in progress. The rate for the first two audits completed in 1994 dropped to 39%, and 46% including the recommendations in progress.

Finding 2. Financial Audits Had the Highest Implementation Rate

Exhibit 2 below shows the implementation rate broken out by the type of audit conducted (i.e., financial, management, or special study).

Exhibit 2
Audit Recommendation Implementation by Audit Type

Status of Recommendation

Audit Type*	In Progress	Partially Implemented	Not Implemented	Not Implemented	Applicable	TOTAL
Fin.	81 (77.1%)	14 (13.3%)	5 (4.8%)	4 (3.8%)	1 (1.0%)	105 (100%)
Mgt.	181 (52.5%)	45 (13.0%)	74 (21.4%)	42 (12.2%)	3 (0.9%)	345 (100%)
S.S.	58 (47.2%)	30 (24.4%)	9 (7.3%)	26 (21.1%)	0 (0.0%)	123 (100%)

* Fin.=Financial Audits; Mgt.=Management Audits; S.S.=Special Studies
 Notes: Recommendations from the audit of Office of Open Space Financial Administration are not included because the audit was classified as both financial and management.
 Due to rounding, not all percentages total exactly 100%.

As Exhibit 2 illustrates, financial audits had 77% of recommendations implemented, the highest rate of the audit types. Including recommendations in progress, the overall rate totaled 90%. In contrast, management audits had an implementation rate of 53% (66% including recommendations in progress), and special studies had an implementation rate of 47% (72% with recommendations in progress).

The rate of implementation also differed by agency. Exhibit 3 below shows the implementation status of recommendations broken out by the agency with responsibility for implementation. Each recommendation is counted only once.

Exhibit 3
 Audit Recommendation Implementation by Agency

Status of Recommendation

Responsible Agencies	In Progress	Partially Implemented	Not Implemented	Not Implemented	N/A	TOTAL
All Agencies	7 (70%)	1 (10%)	1 (10%)	1 (10%)	0 (0%)	10 (100%)
All Non-Exec. Brch. Agencies	0 (0%)	0 (0%)	0 (0%)	1 (100%)	0 (0%)	1 (100%)
Council*	0 (0%)	2 (100%)	0 (0%)	0 (0%)	0 (0%)	2 (100%)
District Court	0 (0%)	1 (100%)	0 (0%)	0 (0%)	0 (0%)	1 (100%)
PAO	6 (50%)	2 (17%)	2 (17%)	2 (17%)	0 (0%)	12 (100%)
Executive	17 (59%)	5 (17%)	4 (14%)	3 (10%)	0 (0%)	29 (100%)
DAD	4 (21%)	7 (37%)	0 (0%)	8 (42%)	0 (0%)	19 (100%)
DCFM	5 (83%)	1 (17%)	0 (0%)	0 (0%)	0 (0%)	6 (100%)

DDES	122 (55%)	23 (10%)	49 (22%)	26 (12%)	1 (1%)	221 (100%)
Exec. Admin.	22 (69%)	3 (9%)	2 (6%)	4 (13%)	1 (3%)	32 (100%)
DHS	16 (44%)	0 (0%)	15 (42%)	5 (14%)	0 (0%)	36 (100%)
DPPR	8 (67%)	0 (0%)	1 (8%)	0 (0%)	3 (25%)	12 (100%)
DPH	16 (70%)	3 (13%)	4 (17%)	0 (0%)	0 (0%)	23 (100%)
DPS	7 (47%)	2 (13%)	3 (20%)	3 (20%)	0 (0%)	15 (100%)
DPW	45 (75%)	14 (23%)	1 (2%)	0 (0%)	0 (0%)	60 (100%)
Stadium	8 (80%)	1 (10%)	0 (0%)	1 (10%)	0 (0%)	10 (100%)
DYS	18 (35%)	18 (35%)	5 (10%)	10 (19%)	1 (2%)	52 (100%)
OFM	9 (53%)	1 (6%)	1 (6%)	6 (35%)	0 (0%)	17 (100%)
OHRM	18 (67%)	5 (19%)	1 (4%)	2 (7%)	1 (4%)	27 (100%)
TOTAL	328 (56%)	89 (15%)	89 (15%)	72 (12%)	7 (1%)	585 (100%)

Notes: Recommendations with the Council shown as responsible agency were for policy decisions rather than administrative action.

Due to rounding, not all percentages total exactly 100%.

PAO: Office of Prosecuting Attorney

DAD: Department of Adult Detention

DCFM: Department of Construction & Facilities Management

DDES: Department of Development & Environmental Services

Exec. Admin.: Department of Executive Administration

DHS: Department of Human Services

DPPR: Department of Parks, Planning & Resources

DPH: Department of Public Health

DPS: Department of Public Safety

DPW: Department of Public Works

Stadium: Department of Stadium Administration

DYS: Department of Youth Services

OFM: Office of Financial Management

OHRM: Office of Human Resource Management

The Department of Construction and Facilities Management and the Department of Stadium Administration had the highest implementation rates of individual agencies, 83% and 80%, respectively. However, both departments were responsible for only 10 or fewer recommendations. The Department of Public Works had the highest implementation rate (75%) of agencies with over 10 recommendations. Including the 14 recommendations whose implementation was in progress, the overall implementation rate for Public Works totaled 98%.

As also shown in Exhibit 3, the lowest implementation rate of individual agencies was District Court's (0%). However, District Court was responsible for only one recommendation. Moreover, implementation of the

recommendation was in progress.

Four agencies with responsibility for over 10 recommendations had implementation rates of under 50%. The Department of Adult Detention had the lowest rate, with 21% of audit recommendations fully implemented, while a total of 58% was either implemented or in progress. The Department of Youth Services' rate was second lowest, at 35%, with an additional 35% in progress. The Department of Human Services had implemented 44% of recommendations, and no recommendations were in progress. The Department of Public Safety's implementation rate was 47%, and 60% including recommendations in progress.

Updated: 06/24/02