

This is my 72nd and last Director Notes. I have enjoyed these chances to share news and reflect on the work, and to bring some humor. This issue includes a bit of news and many selected reflections, as well as some visual goofiness. I quickly scanned past Notes and pulled out some of my favorite cartoons and the notions most dear to me. So take your time, there are many pages here, with some new cartoons as well.

Some will be new for many of you who arrived partway through these issues. I was comparing our phone list to the March 2009 version and was shocked to see that nearly all of our staff and senior auditors are new, over 30 of you. Others arrived and left during that period, though I don't have that count.

All of this reinforces my view that this organization sustains its good aspects through turnover with its strong and positive culture. It reminds me of a personal vow I made years ago, that if I ever was a boss, I would make decisions that created a place I wanted to work at.

I didn't need to create the great culture in the Audits Division 6 years ago, it was always here, and will continue on.



This was my "best of" Director's Notes, and my farewell to the office as I retired.

It also contained my best of New Yorker cartoons relevant to auditing which I've removed out of respect for the copyrights of the highly talented and amusing artists.





New laptops

You all have your new laptops now and it will take some time to adjust. Brian delivered them faster than anticipated, so let him know how much you appreciate it. He has been the lone Help Desk person.

We are getting better cables which will improve the clarity for some monitors.

The docking stations are a convenience for easily moving your laptops around, and a necessity if you want to have two external monitors.

We're going to buy about 45 monitors based upon our survey of everyone's needs as well.

Work environment survey

Yes, it's that time of year. We're getting the survey ready to mail out to you all, and it will probably go out in January so it doesn't compete with your work or holidays. This is a great mechanism that provides important feedback to help us all continue to improve the office.



Performance Evaluations – April 2010

My Dad told me a saying he heard when he was young:

Good, better, best,
Never let it rest,
Until your good gets better
And your better best.

It's a great message for auditors to carry as we deliver our audits, but also to receive about our own work. We can always do better, as we grow professionally, and as we strengthen areas where we may be weak.

We don't improve if everything we do is simply accepted. Challenging ourselves and others to find ways to improve is good for us and for them. We shouldn't shirk from saying what needs to be said, but we should try to say it in a constructive way. As I mentioned, there is a strong parallel between performance evaluations and audits. We may offer our audit recommendations in the spirit of improvement, but they may not always be received in that way.

Here is a simple guideline: Would you feel encouraged to try harder if you were the one receiving your recommendation? The words we use and the context and story around our recommendations make all the difference.

The story we tell should empower others to improve, and that is our real goal - bettering ourselves, others, and Oregon government. Never let it rest.



Exceptional – January 2013

Auditors see many aspects of human folly, though we rarely use that term in our reports. We've heard the challenges from the auditees: 'you simply don't understand our work,' or 'your issue of concern would never happen here,' or 'you don't have the qualifications to tell us what to do,' or 'we question your motives'.

The one that stands out for me though, is the 'we're special' attitude. When an agency indicates that whatever examples you have are not pertinent, whatever principles you cite are not applicable, and whatever risks you describe are not relevant. We achieve some satisfaction knowing that "I told you so" is the auditor's consolation for these dismissive comments.

There are a finite number of causes for failure and they will succumb like any other organization. The only questions are when and how badly will they fail?

Here is my latest auditing metaphor: geologic. I have the dentist metaphor about auditing not hurting if you have good financial and management practices. (Like brushing and flossing.) Or the fishing metaphor about finding the big risk and landing change in an agency. Or the brush strokes of workpapers that produce an agency portrait. Then of course Lewis and Clark performance auditors, and the Oregon Trail pioneer financial auditors.

So, now I can see auditors as pushing the incremental shifts, the slippage of the tectonic plates, that may rattle things but don't bring down the structure. I'm convinced that organizations need to be ever vigilant for the many forces and pressures around them, and shift and change to address them. If they ignore them, pressures build and let loose violently.

Organizationally, that might mean a failed program, misspending, scandal, revealed deception, or any number of headlines we've seen before.

Better to have the small rattling adjustments recommended by the auditors than the big bone-breaking catastrophe. No organization is immune to a changing environment, or the degradation of procedures and vigilance. No organization is so special that it can ignore those seismic threats.



Fulfilling Work – July 2010

I was reminded of some research that gets regularly reported about job satisfaction. The most recent discussion was a [Barrett and Greene column](#) in *Governing Magazine*.

"Here are some statistics about what young people want out of a job, from a 2009 survey done by the [Partnership for Public Service](#):

- Work-life balance (66 percent);
- being dedicated to a cause (46 percent);
- feeling secure or stable (46 percent);
- being competitively or intellectually challenged (40 percent)."

These are the very things we are trying to build into our work here. Let's break this down for the Audits Division.

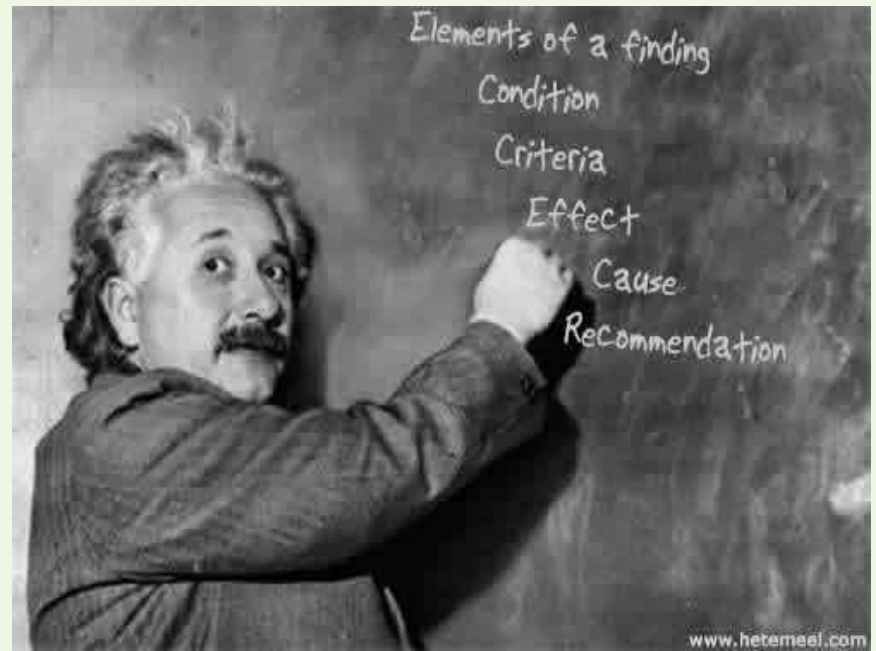
Work-life balance is a key priority for the office, with our flex hours and other policies that help our employees cope with life's demands. We recognize that work shouldn't define us and that other interests and commitments also need to be respected.

Auditing may not sound like a cause, but I am absolutely sure that our good work can make a huge difference to Oregonians. Our diligence, creativity, and professionalism can deliver important assurances, savings, and improvements.

We are fortunate to be performing these important functions because it provides us some security in these dire budget times. The knowledge and experience we gain in our work makes us all the more valuable as important resources for the state.

I think auditing can be one of the most intellectually challenging jobs. Each assignment has its unique challenges and we need to be constantly vigilant for fraud, waste, and other problems. It involves constantly learning and changing contexts.

I need to add one important point here. The job can meet us halfway, but each of these four factors requires us to do our part. We can all contribute to the workplace and our own job satisfaction by setting our balances and expectations and challenges.



Culture of an organization – March 2012

I vacationed in New Orleans for a week and ran into several situations that reminded me about the different expectation they have of their government. (For example, my daughter told me that the cash register where she works has a button labeled “Police Discount” that they are instructed to use when ringing up the bill for police officers.) Nobody seems to be shocked at the idea like we would be.

Here is another lurid series of examples about Washington DC from the recent *Governing* magazine:

[Former Mayor] Fenty had lost his re-election bid to Vincent Gray, the Council chairman who almost immediately was accused of paying off a competitor no one had ever heard of named Sulaimon Brown to stay in the race if he would continue attacking Fenty. Gray allegedly even offered Brown a government job, which he eventually took, but was fired within weeks for incompetence. The whole matter is under federal investigation.

Then newly elected Council Chairman Kwame Brown ordered up not one, but two “fully loaded,” \$2,000-a-month Lincoln Navigator SUVs for his personal use, defying not only the city’s supposedly stringent cap on spending, but also its devout green policy.

In December, a District councilman admitted in federal court that he had defrauded the city -- specifically programs for disadvantaged youths -- of \$353,000 in public funds to pay for a fancy car, a trip to Pebble Beach and even a dinner at Hooters.

Then, there is the part-time City Council itself, which has 13 members and is the second-highest paid in the country at \$125,000 annually per council member, except for its chairman, who makes \$190,000. Some of its members even maintain lucrative jobs in the private sector.

I could go on. Marion Barry isn’t the mayor, but he’s still on the Council and still in trouble: He seems to have a perennial problem paying his federal taxes.



It's as if a new mentality has seeped in that permits what in many cities and counties would be deemed wildly inappropriate. Each Council member has been allowed to raise \$80,000 a year in private constituent services funds, mainly from special interests. They can legally spend the dollars on almost anything they want. It's a mentality that may have spread through the ranks. Nearly 90 employees recently were suspended and face potential firing and prosecution for illegally receiving unemployment benefits while holding city jobs.

We are lucky that most of our audit efforts focus on sophisticated issues of good accounting and good management when other jurisdictions are just trying to overcome corruption. While we must always be vigilant for fraud, waste, and abuse we can also be appreciative that the state's workforce is largely honest, competent, and hard-working.

We recently completed an audit of contracting practices and found to our surprise and gratification that agencies were doing a good job of complying with procurement laws and rules. These were many of the same agencies that previous audits found were cutting corners and failing in many other ways, which tells us that they do pay attention to our recommendations. We even had a few agencies express disappointment when we didn't select them for examination. They wanted to show us how well they were conducting their work.

Our audits will always find problems and there will always be room for improvement, but our vigilance is one of the strategies that prevent fraud, waste, and abuse. Our work will never be done, because we always expect something better, which is key to never letting things get so lax that bad things happen.



Smarter auditing - April 2011

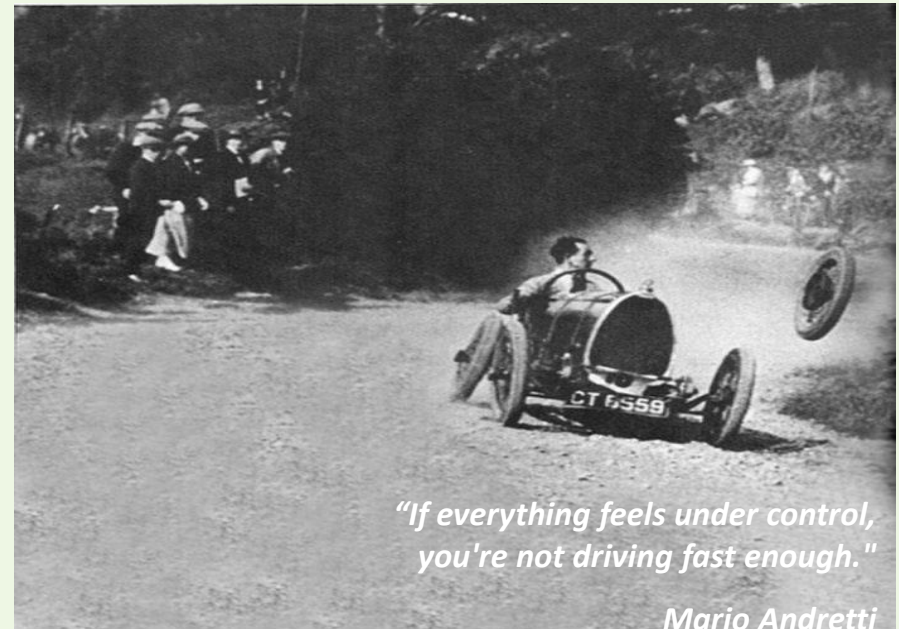
I wrote last month about how the Audits Division has the same size of workforce that it had 25 years ago. The story has a bit more detail. We had a substantial increase from the 75 positions during the early 1990s, up to 93 positions, which coincides with the initiative to conduct performance and IT audits. Since then the number of positions diminished, and have remained at about 72 for the past five or six years.

During that time we also changed the mix of our workforce. It used to be the classic inverted pyramid - 25 or so SA1s, about 15 SA2s, and 7 SA3s. SA1s were entry-level, straight-out-of-college hires and their tasks were tightly defined by the SA2s and SA3s. In the mid 1990s we added a State Auditor 4 classification, still retaining the pyramid, and more recently we began seeking new hire SA2s with more experience, as well as fresh graduates as SA1s.

Now, I would say we are more like a Douglas Fir than a pyramid. We have a trunk of a few SA1s, a wider base of SA2s, then diminishing numbers of SA3s, SA4s, and Audit Managers.

So here we are in 2011 with about half our workforce conducting financial audits and the other half conducting performance and information technology audits. Also remember that the Single Audit celebrated its 25th birthday a year or two ago. (Did someone here not remember to send it flowers or a card?) The work is more extensive and much more complex with regard to new accounting practices as well.

I think the smarter mix in our workforce has helped us accomplish more with fewer staff. We more selectively choose what we audit, we use sophisticated data-mining tools, we push decision-making down further. But I would argue that our practices have more room for change.



A Learning Environment – August 2011

As we were wrapping up our audit of the Oregon University System, someone said that universities didn't teach, "they created a learning environment." A little later, I realized that we do that in the Audits Division. In fact, every successful organization is a learning environment, expecting everyone to be alert to new ideas, and to collectively apply those ideas to make the organization better.

I would even go one step further and say that we are a teaching organization. Accountability is a two-way endeavor. We teach accountability to agencies and we teach the public about agencies. We teach accountability to agencies by asking important questions on behalf of the public - questions that ensure the agency is wisely spending public money. If an agency can't answer the questions then they are not being accountable. We will ask until they learn to answer.

The public expects us to represent them to ensure that agencies are managing their tax dollars wisely. We provide the technical expertise, focus, and perseverance that is necessary to sort through the complexities of modern public finance and services. More than one agency has been a multi-year project for us, to bring them into compliance with good management practices, or improve their accounting systems to adequately meet standards and sound budgeting.

Many of you have participated in the persuasion, nudging, prodding, pulling, and sometimes more, to change the practices of agency personnel.



Root Causes – December 2010

I have an abiding faith that even the most knowledgeable, skilled, and bright among us can never perceive everything right. With experience, with shared thinking, and with time we can increase our understanding of the world.

We learn by pushing out on the edges of what we already know, by studying topics in or related to our field or viewpoint, by looking for ideas in parallel fields, and also by studying ideas that challenge our thinking.

Sometimes it's nice to find someone who has reached the same view as you, because it provides some reassurance that you're not lost.

Harvard Professor Behn wrote a great column that captures the fundamental truth by which I audit. Here is one great quote:

Government jurisdictions that seek to produce results cannot use accountability pressure to coerce competence. If they want better performance, they need to develop the operational capacity to produce it."

The one-pager is definitely worth a read. It suggests that our reporting on a problem publicly will not solve it. It says that we need to go a bit further, not that we're going to do management's work.

Here is an example: We have findings about the lack of knowledge, skills, and abilities of agency staff performing their financial duties. We write recommendations that management needs to address, but there is a strong likelihood that it will be a lackluster effort.

We could also identify some good classes that the agency could consider. We could identify several alternatives, or even work with SARS personnel to encourage them to select and support the online training on I-Learn, which is available to all state employees.

Digging a little deeper can better identify the problem and even some better directions toward a solution. They are only recommendations after all, and we would be careful not to endorse a particular solution but to simply offer some good examples.

Sometimes that first step is the most difficult for the agency and our own knowledge and experience could be the key to start the solution. Putting in the extra work also keeps us honest because we might be reporting on a problem whose solution is not so easy to find and apply, as a reader of our audit might assume.



Peer Review – May 2013

As you have heard, we successfully passed our 8th triennial peer review. That is nearly a quarter century of quality auditing for the Audits Division, hence the Flowers Theme this month.

Bouquets of flowers to all of you for your conscientious, good work and your continued adherence to *Government Auditing Standards*!

While we passed without any written comments, we got some verbal suggestions of things we might consider. These ideas are associated with the multiple checklists that we filled out and the peer reviewers verified regarding our procedures and documentation to show our compliance with the standards.

More documentation and more detailed procedures seem to be the natural evolution of audit standards and expectations. When I was a county auditor, our library had a copy of every version of the Yellow Book from its inception. It started about 24 pages and now we are up to 235. With the expansion comes more work and as conscientious public employees we need to ensure that the public is getting the very best value from our office.

We incorporate the ‘workload overhead’ imposed by the standards into our audit steps as efficiently as possible. Nonetheless, I would urge you to continually evaluate the steps required by the standards to find time- and work-saver strategies to accomplish the same thing. If you see a better way, please share it with your in-charge and audit manager so we can consider adopting it more generally.

We want to carefully and methodically make changes to ensure we continue to pass peer reviews in the future because our greatest value to the public is the reliability of our work results. Our 2013 Peer Review is professional recognition for the good work you do.



Should we strive for office recognition when fame might happen? - Oct 2014

These are the days that remind me that you should always be careful what you wish for. Do we want our office to be famous for its work and results, or would we be satisfied with good work that gets results? I lean toward the latter because every person and institution has human strengths and frailties, which fame will magnify in the public's eye.

First, the exciting and fresh features of a person or organization are showcased, followed by a short public attention span, and ending with a modernized version of those Middle Ages entertainments: pillories, public stoning, drawing and quartering. Exile was the least painful.

Celebrity gossip fills the internet with reports on the actions and words of people with some kind of talent, whether it's music, sports, or acting. The political process is devolving into a similar pattern of image 'creation' followed by a regular reminder that it can be quickly destroyed.

Our auditor stereotype protects us from fame because auditing sounds so uninteresting to the public. In truth, many of our impacts are subtle and difficult to explain. Due to our nature, and salary, we don't succumb to the flamboyant lifestyles, unless the next fashion is cardigans and business casual.

If auditing, if our Division, became famous then it wouldn't be long before we were blamed for not preventing government failures. 'Where were the auditors?' they will ask. 'An audit failure' will be the headline. And just like that, our fame will turn to ignominy.

This topic came to mind when I ran across a poem by Emily Dickinson:

Fame is a bee
Fame is a bee.
It has a song –
It has a sting –
Ah, too, it has a wing.



The irony is that Emily Dickinson did not come to be recognized as one of America's greatest poets until long after her death in 1888. Early on she hoped to have her poems published, but rejections, the Civil War, and deaths in the family all contributed to a life of more depth than breadth.

The impressions I draw from the poem are: the almost random movement of the bee (and fame), that can attract our attention with its sound, but can also surprise us with its sting, and will as likely fly away. The character of fame doesn't seem to have changed much since the Civil War era.

Emily Dickinson was never a 'media darling' and for that reason she may have become an even greater poet.

Perhaps our audit work is better accomplished as something of more depth than breadth, with an emphasis on substance over style. We want people to know of our work, and trust that we are making things better, but never measure ourselves on the scale of fame.



There is no passion to be found playing small – in settling for a life that is less than the one you are capable of living.

- Nelson Mandela

This quote struck me, as I thought about the life of Mandela. He became an international symbol of the movement against apartheid, and spent 27 years of his life in prison, living a "large life" in spite of the deprivations. Authorities tried to negotiate his release but he refused to accept their conditions. Most remarkable was his leadership in managing the orderly transition to equality for all South Africans.

I have continued thinking about the quote and it continues to surprise. 'Passion' leads the quote, and it is contrasted with not 'settling'. Passion is to be sought in your life, and is linked to achieving your full capabilities. Settling for something less is giving up the passion.

It is difficult for me to imagine the contradiction of passion and containment. Passion implies to me an intensity and force that could not be sustained within a prison cell. The stories I heard about his time in prison indicated that he turned that passion inward.

He lived in simple isolation and still found the large life. There is a [Frontline website](#) that I just discovered with many remarkable insights into Mandela's prison time. He applied that passion to conquering his captors through many strategies.

This is from the website introduction:

Confined to a small cell, the floor his bed, a bucket for a toilet, he was forced to do hard labor in a quarry.

He was allowed one visitor a year for 30 minutes. He could write and receive one letter every six months.

But Robben Island became the crucible which transformed him. Through his intelligence, charm and dignified defiance,

Mandela eventually bent even the most brutal prison officials to his will, assumed leadership over his jailed comrades and became the master of his own prison.

He emerged from it the mature leader who would fight and win the great political battles that would create a new democratic South Africa.

I happened to speak to a class at Willamette the morning after Mandela died. Mike Marsh, the professor, introduced me to his students, mostly state employees, by saying that my presentation might help them when the auditors showed up.

I started by reading them Mandela's quote and said that striving for their full capabilities would be the best strategy for addressing any audit.

If Mandela could live to his full capabilities in prison, our freedoms offer us many more opportunities. The man was truly remarkable.

- December 2013



Aunt Esther's sugar cookie recipe – December 2013

I'm not much of a baker, but my family is devoted to this legacy recipe. A bit of frosting and sprinkles on this simple base is sublime.

Aunt Esther was one of my father's father's six siblings, all sisters. (Esther, Cora, Mina, Alta, Violet, and Myrtle, along with Elmer. Names from the past, along with a family size from the past.)

Ingredients

- 1 cup sugar
- 2 eggs
- 1 cup shortening (or half oleo)
- 1 teaspoon vanilla
- 3 cups flour
- 1 teaspoon baking soda
- 2 teaspoons cream of tartar
- 1/2 teaspoon salt

Directions

Preheat oven to 350°

Cream together the sugar, eggs, shortening, and vanilla. Sift together the flour baking soda, cream of tartar and salt.

Mix well, no need to chill the dough before use. Roll on a floured board and cut out cookies. Bake for about 7 minutes on ungreased sheets.



That poem, again, with a new meaning

I've shared with you a poem that I have read many, many times. Especially in times when I have needed a boost. It is written by one of Oregon's foremost poets, which makes the message even more sublime.

Like all good art, the meaning arises in the reader who brings her or his own life and perceptions to understand it.

Begin with the title, 'Security', despite the story about the fragility of travel to the next island. 'Secure' returns at the end, but only as you let go of where you have been.

Security

Tomorrow will have an island. Before night
I always find it. Then on to the next island.
These places hidden in the day separate
and come forward if you beckon.
But you have to know they are there before they exist.

Some time there will be a tomorrow without any island.
So far, I haven't let that happen, but after
I'm gone others may become faithless and careless.
Before them will tumble the wide unbroken sea,
and without any hope they will stare at the horizon.

So to you, Friend, I confide my secret:
to be a discoverer you hold close whatever
you find, and after a while you decide
what it is. Then, secure in where you have been,
you turn to the open sea and let go.

William Stafford

Each next island requires some risk-taking and suspension of the safe and obvious for the unknown. And the poem also says that our quest is built upon faith that something more is out there and we must take the care to find it.

My career has been a series of those islands, whether it is developing a finding in an agency, an audit report done, or a traverse among islands, from city to county to city to state.

Now, for me, the next island is the challenge. Do I face a tomorrow without any island? I haven't let it happen, but as I stop working, that unbroken sea is daunting...

And for you, the challenge continues, to travel from finding to finding, audit to audit. And to sustain this good office with new ideas, new collaborations, new auditors, and new techniques.

Our future depends upon the conviction that we can find islands, solutions, a better Oregon, a fulfilling life for ourselves and for our family.

I found this old postcard at a garage sale last weekend. The newest car is from the mid-1940s.



Enjoy the holidays! Find fulfillment!

It's been a great run for me and I've so much enjoyed my time in the Audits Division. I want to see good things from you all in the future and I hope you will keep in touch.

I wish you the very best during these holidays, and the most fulfilling and happy years to come!

