IN REVIEW

AUDITOR OF ACCOUNTS | TOWNSEND BUILDING, SUITE 1
401 FEDERAL STREET | DOVER, DE 19901

302-739-4241 • Auditors.Delaware.gov

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2019: A Transformative Year for the State Auditor’s Office

This past year has been one of transition and transformation, and I am only getting started.

The Delaware Constitution and Delaware Code gives the State Auditor’s Office important roles and responsibilities contributing to the state’s fiscal health. It therefore must perform at peak capacity and cannot be allowed to atrophy.

Regrettably, a combination of organizational, resource, and staffing deficiencies meant that the agency’s performance was less than optimal when I took over. That is why on Day One I immediately went to work to change it. Since taking office in 2019, my goal was to transform this agency to its Constitutional functional intention, as a steward of taxpayer dollars.

Delawarens deserve a State Auditor and agency that is actively watching over the people’s money and ensuring those dollars are well-spent and free from fraud, waste, and abuse. This oversight not only provides citizens, businesses, and national credit rating organizations confidence that our state’s financial house is in order, but also provides an environment where fiduciary ethics are upheld.

While the oversight role drives much of our work, the Auditor’s Office is so much more. It is also a resource to help state government and other publicly funded entities improve service for all Delawareans.

To that end, I am pleased to share a number of my agency’s key accomplishments for 2019.

Rebuilding the Office

Since January 2019, the State Auditor’s Office has accomplished much and made huge strides in spite of having fewer resources than it had in Fiscal Year 2008.

During my first 100 days in office, I optimized staffing and improved organizational efficiency in order to clear audit backlogs, enhance responsiveness, and improve the agency’s overall functionality. I also made necessary technology upgrades to boost productivity and ease workflow.

It has been 30 years since Delaware has had a new State Auditor and long past time since it had done its own audit, so I decided to “Audit the Auditor’s Office.” I brought in outside professionals with the ability to offer their perspective and constructive recommendations to improve this agency for Delaware taxpayers.
In June, an independent firm presented me with a report that contained 58 recommendations to address observations and operational gaps across a range of areas, including human resources, office workflow, and bid scoring – based on procedures and practices from before the start of my administration. I am pleased to announce that two-thirds of the recommendations have already been acted on, while others are either in progress or planning, as we continue to move to the next phase of restoring the agency’s relevancy.

During the past two fiscal years, tips about suspected fraud, waste, and abuse, submitted through the Auditor’s Office Fraud Hotline, website, or mobile app, accounted for 800 hours of staff time to investigate.

For the first time in years, the Auditor’s Office is operating with a nearly full staff complement. This makes the office better equipped than in the past to perform and manage the 77 audits mandated by Delaware Code, respond to tips submitted through the Fraud Hotline – which during the past two fiscal years accounted for 800 staff hours to investigate – and address other audit initiatives.

While some see reaching a near full complement of staff as an end goal, I see it as a promising start. The Auditor’s Office still remains years behind where it needs to be in terms of staffing and resources to fulfill its mission – something in which I intend to change.

Launching Key Initiatives

As the agency was being rebuilt, I was also launching several key initiatives.

For the first time, the Auditor’s Office created a comprehensive risk assessment tool to analyze and prioritize audits. It was developed using a number of different data sources based on feedback we received from a survey we sent to all state employees. With their input, we have data that assisted us in finalizing an audit plan that targets critical areas of state expenditures.

This is just one new office tool. Over the course of the past eight months, we have been investing in technology, specifically data analytic software. It allows auditors to automate time-intensive and repetitive processes, analyze larger sets of data, and create scripts to look continuously for anomalies, eliminating manual testing and sampling. State auditors from across the country have been incorporating data analytics to perform – and in some cases improve – audits. It only makes sense to join this trend, so the Auditor’s Office can better serve Delaware taxpayers and serve as a resource to agencies and entities receiving state funding.
I have also upgraded technology to allow the Auditor’s Office to directly engage and connect with the public. In 2019, I announced the launch of a new mobile app tool for people to provide information to the Auditor’s Office. Because approximately half of all fraud is discovered via a tip, we see the public serving as a key partner in fraud detection by reporting suspicious activities.

That is why I also launched an aggressive outreach program to raise awareness of the Auditor’s Office role.

With a user-friendly website, town hall meetings, social media, and easier to read reports, Delawareans are seeing a transformed State Auditor’s Office.

**Looking Ahead**

There is still much more to do.

Looking ahead to 2020, I will fight for the necessary staff and appropriations this agency should have received had the Auditor’s Office budget and personnel kept pace with the growth of state government during the past decade.

You will also see the Auditor’s Office pivot to a more proactive approach, focusing its efforts on high-risk areas, and concentrating on audit engagements that evaluate state agencies and programmatic efficiency, effectiveness, and impact.

This all will help further transform the Auditor’s Office as a center of excellence and provide greater value to the First State by helping it perform better and more efficiently.

In 2020, we will build on our accomplishments and continue to be accountable to ourselves and to the taxpayers. The old ways of the past are over. Under my leadership, this agency no longer will get by on band-aids, quick fixes, or doing the minimum required, because Delawareans deserve the best from those who elected them to serve. And that is what I intend to provide you.

I will continue publicly sharing the progress we are making to rebuild this agency and to make it relevant again over the coming year.

Thank you.

Sincerely,

Kathleen (Kathy) McGuiness

*State Auditor*