



Statewide Accountability Survey Observations

Strengthening Organizational Control Environments Will Increase Accountability

Though opportunities for improvement continue to exist, state organizations appear to have improved their overall control environment since the 2014 survey. Individual organizations could increase the accountability of state employees while safeguarding public assets and resources by doing the following:

1. Ensuring adequate internal audit coverage
2. Educating employees about the role of internal auditors
3. Encouraging employees to report misuse of state resources
4. Ensuring that organizational policies address professional conduct, conflicts of interest, and fraud
5. Regularly training employees how to address misconduct

While many observations exist from the analysis of the survey results, this report focuses on three recurring observations from the prior survey in 2014 and one observation comparing key accountability metrics between the two surveys.

Observation 1: Internal Auditors Appear to Improve Organizational Accountability

Compared to survey respondents who claim not to have organizational internal auditors, respondents with organizational internal auditors reported (1) significantly fewer allegations of fraud, (2) better controls to prevent and detect fraud, (3) fewer concerns for retaliation for reporting concerns, and (4) stronger controls to prevent employee conflicts of interest. The effective use of internal auditors (IA) appears to strengthen an organization's ability to safeguard public assets and resources. The figure below compares responses from respondents who claimed to have internal auditors with those who claimed not to have internal auditors for eight statements in the survey.

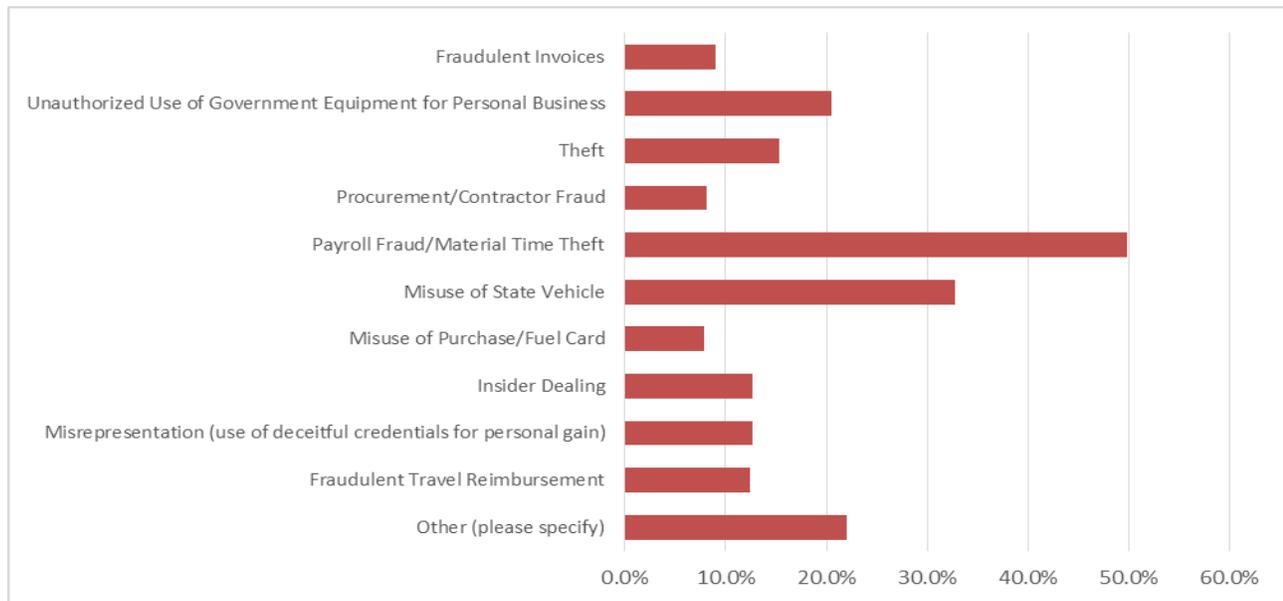
Statement	No IA Agree/Strongly Agree	Yes IA Agree/Strongly Agree
The state has adequate controls to prevent/detect fraud committed by a state employee or contractor.	69.12%	90.90%
My organization has adequate controls to prevent/detect fraud committed by an organization employee or contractor.	67.55%	91.26%
I have adequate resources to report fraud in my organization.	73.52%	91.30%
I can report fraud in my organization without fear of retaliation.	67.42%	83.84%
There are opportunities for state employees or contractors in my organization to commit fraud.	61.39%	57.00%
My organization encourages timely reporting of fraud by state employees or contractors.	72.65%	90.24%
My organization has opportunities for its employees, or direct family members of employees, to receive monetary benefits for services provided on behalf of the organization.	26.04%	29.72%
My organization has adequate controls in place to prevent employee conflicts of interest.	73.56%	88.06%

Source: OSA Statewide Accountability Survey (January 2016)

Observation 2: Most Alleged Fraud Appears to Go Unreported

Survey respondents claim that only 47.2 percent of fraud allegations were reported to the appropriate person. Almost 84 percent of survey respondents claim that they should report allegations of fraud to their direct supervisor, though it appears that most concerns are never reported. More than 52 percent of survey respondents who did not report alleged fraud did not report due to fears of retaliation. The chart below shows the survey responses asked to individuals who alleged fraud.

Survey Responses: “What Type of Fraud Was Committed? (Check all that Apply)”



Source: OSA Statewide Accountability Survey (January 2016)

Observation 3: Several Accountability Metrics Improved Since 2014

More survey respondents claimed to receive training addressing professional conduct, conflicts of interest, and fraud within the last year in 2016 survey than in the 2014 survey. Additionally, respondents in the 2016 survey alleged fewer instances of fraud and claimed to report alleged fraud at a higher rate than the respondents in the 2014 survey. The table below compares the percent of survey respondents who claimed to receive training in each of the three policies in the 2014 survey with responses from the 2016 survey.

Policy	2014	2016
Professional Conduct	58.2%	64.9%
Conflicts of Interest	49.1%	55.6%
Fraud Prevention, Detection, & Reporting	60.0%	61.4%

Source: OSA Statewide Accountability Survey (October 2014 and January 2016)

Observation 4: Most State Entity Policies Appear to Address Professional Conduct, Conflicts of Interest, and Fraud

Survey respondents reported that their organizations have policies promoting employee accountability measures of professional conduct (92.9 percent), conflicts of interest (85.2 percent), and fraud (74.5 percent). More survey respondents claimed their organization has policies addressing professional conduct and fraud in the 2016 survey than in the 2014 survey. Over 10 percent more survey respondents reported professional conduct and conflict of interest training in the last year than survey respondents reported in the 2014 survey.