Bad Data—Why States Don’t Know What They Don’t Know

Data is defined as facts that can be analyzed or used in an effort to gain knowledge or make decisions. The July 2015 issue of Governing magazine (Governing) refers to data as “the lifeblood of state government.”

As the reliance on data continues to increase, concerns surrounding the availability, integrity, accuracy, and timeliness of data are on the rise. Sixty-nine percent of the 75 public officials in 46 states, who analyzed data for a living, reported to Governing that they “frequently” or “often” encounter data problems. The consequences of flawed data can reach throughout an entire government enterprise.

Governing reported that agencies involved with social services and economic development tend to have the worst problem with bad data. Weaknesses often show up in small units of government with inadequate IT skills and decentralized services that heavily rely on local administration of state services.

Numerous critical issues have blocked the effective use of data and contribute to bad data.
BAD DATA... CONTINUATION FROM PAGE 1

These may include, the age and capacity of technology; error-filled data input; ineffective system controls; untrained workers; inconsistent definitions; soiled systems; lack of centralized control of data; and problems with data collected by private-sector contractors.

Although some solutions to bad data issues involve spending funds to replace and update technology systems; and hiring data scientists and analysts in government, other solutions do not rely on heavy investment of dollars. These include government organizations proving better definitions of what computer fields mean, creating data inventories so that states know what information they have, building systems controls to prevent inputting errors, making sure that workers who are inputting data are trained and supervised, and teaching managers how to use data that they receive. A data governance program can also help.

In addition, before spending money to collect data, states should consider the whole range of agencies that can possibly use the information. This consideration should span beyond the single agency collecting the data.

As states struggle to improve the reliability and utility of their data, there will always be question marks following the assumptions used to derive at the data.

<table>
<thead>
<tr>
<th>Major Cause of Data Problems</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Technology</td>
<td>17%</td>
</tr>
<tr>
<td>Agency Management Issues</td>
<td>14%</td>
</tr>
<tr>
<td>Lack of or Poor Planning</td>
<td>12%</td>
</tr>
<tr>
<td>Lack of Training</td>
<td>11%</td>
</tr>
<tr>
<td>Data Entry Issues</td>
<td>10%</td>
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<tr>
<td>Miscellaneous Others</td>
<td>36%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
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EMPLOYEE PROFILE: TOM SONG, AUDIT INTERN

Tom joined the Internal Audit Office in August 2015 as an Audit Intern. He received his Master in Accountancy Degree from ASU and his BA in Accounting from the University of Iowa. Tom is originally from China and he has lived in the U.S. for five years. Tom is good at cooking and he enjoys taking road trips and hiking during his spare time.

Jackson Hole, WY Tibet, China
**DID YOU KNOW?**

**DATA SECURITY**

Across
1. A category of malicious code that includes viruses, worms, and Trojan horses. **(malware)**
2. This horse can stampede your security defenses for the bad guys and make you look sheepish too! **(trojan)**
3. Who is responsible for protecting City data? **(everybody)**
4. This can slow down your computer and watch everywhere you go in the internet. **(spyware)**
5. The best way to protect data from hackers. **(encryption)**
6. Information security is not just an issue. **(technical)**
7. A malware program that, when executed, replicates by inserting copies of itself (possibly modified) into other computer programs, data files, or the boot sector of the hard drive. **(virus)**

Down
1. The best practice is not to share this and to change it every 120 days. **(password)**
2. Verifying the identity of users, processes or devices. **(authentication)**
3. The strongest password is: Ab, password, P*f3!ZE. **(p*f3!Ze)**
4. A software or hardware that helps prevent hackers and some types of malware from getting to your PC through a network or the internet. **(firewall)**
5. What type of calls are made by social engineers? **(pretext)**
6. When somebody sends an email with a link to a bogus website. **(phishing)**
7. Someone who seeks and exploits weaknesses in a computer system or computer network. **(hacker)**

Answers to the Crossword Puzzle from Volume 14 of the IA News.
FRAUD ...TEST YOUR FRAUD IQ

1. You get a call from this government agency. You don’t believe it is legitimate. You could be right because more scammers pose as employees of this agency than any other.
   a. The Internal Revenue Service.
   b. The Social Security Administration.
   c. The U.S. Postal Service.
   d. The Federal Unemployment Agency.

2. Which of the following is the most common motive for malicious data breaches?
   a. Espionage.
   b. Entertainment.
   c. Financial.
   d. Ideology.

3. Which of the following is the most common way that corruption schemes are detected?
   a. External audit.
   b. Whistleblower tip.
   c. Notification by law enforcement.
   d. Management review.

4. Three factors that must be present at the same time in order for an ordinary person to commit fraud does not include:
   a. Pressure
   b. Knowledge of the law
   c. Opportunity
   d. Rationalization

Answers: 1. a; 2. c; 3. b; and 4. b

A TOUCH OF HUMOR

Ten Things Not to Say to An Auditor:

1. You won’t believe this, but my teenage son learned how to re-program the finance system. How cool is that?
2. We have prepared a little surprise for you. See if you can find it.
4. Any major events in the year? Nothing springs to mind. Oh, I forgot! The CFO went insane for 6 months after all the records were erased by an unauthorized temp in IT, but that’s about it.
5. Phew! It’s hot work being at that shredder 24/7.
6. Here’s the narrative to that journal – “Fund Financial Controller’s Slush Fund.”
7. Material error. Immaterial error. What’s the big deal?
8. It’s easier to remember if everyone in the office has the same password.
9. Who did you say you are?
10. The system’s going to blow! Run for your lives!

Source: http://www.the-alternative-accountant.com/
**Review and Reconciliation**

Your reconciliation activities confirm that you’ve recorded transactions correctly. Perform monthly reconciliations of cash receipts and bank account statements to provide good checks and balances.

**Best practices:**

- Compare receipts to deposit records.
- Record cash receipts when received.
- Count and balance cash receipts daily.
- Perform periodic surprise cash counts.

**Potential consequences if review and reconciliation activities are not performed:**

- Errors, discrepancies, or irregularities not detected;
- Lost or stolen cash receipts; and
- Inaccurate application of cash receipts to department accounts.

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**Contract Corner**

_Billy Vickers, Jr. – Contract Compliance and Administration_

We are happy to announce that the RFP for a new contract management system was drafted as part of the approved CIP Project requested in the City’s 2015-2016 Budget. The Procurement Office plans to distribute the RFP publicly for vendor bids. We hope to have a vendor secured and the project setup and implementation plan in place during the fall of 2015.

The new contract management system will bring efficiency to the contract management lifecycle. Some of the key deliverables include a centralized depository to archive all non-procurement related agreements, the ability to collaborate and negotiation through the system, more detailed contract data for research and analysis, better document management including version controls and audit trails, document routing and workflows, e-signatures, email alarms and alerts, many standard reports and the ability for each contract manager to create their own dashboard, views and reports to accommodate their work including to-do lists. Other deliverables include enhanced document scanning making it possible for locating specific text within document searches, and a contract request and creation feature so that the documents are processed through the appropriate workflow and approval cycle along with overall management the contract lifecycle from creation to termination.

Our primary goal remains to provide a contract management solution with many features and tools that make managing contracts easier. From creation of a contract through flexible workflows, finalization, approval, e-signatures and monitoring to termination, we plan to implement a beneficial contract management process throughout the City. As we approach implementation, our plans are to work with each department to define their workflow needs and subsequently provide the necessary training to get the best outcome for each department that will use the contract management solution.
Purpose:
Internal Audit serves the community by ensuring transparency and accountability over the use of public funds. We assist the City and its departments in achieving superior service and establishing sustainable practices by objectively analyzing and evaluating operations and recommending improvements to promote efficiency and effectiveness.

Role of the Internal Audit Office
The Internal Audit Office is responsible for providing management with independent, timely, and relevant information concerning the City’s programs, activities, and functions. Internal Audit recommends improvements to policies and procedures that will enhance the internal control structure of the City. Internal Audit’s work is vital in maintaining the general public’s trust and confidence that City resources are being used effectively and efficiently.

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Internal Audit Reports Online

In order to show the City’s commitment to transparency, integrity and accountability over the use of public funds, Internal Audit posts audit reports online. Visit the Internal Audit webpage or click on this report link recent audits performed.