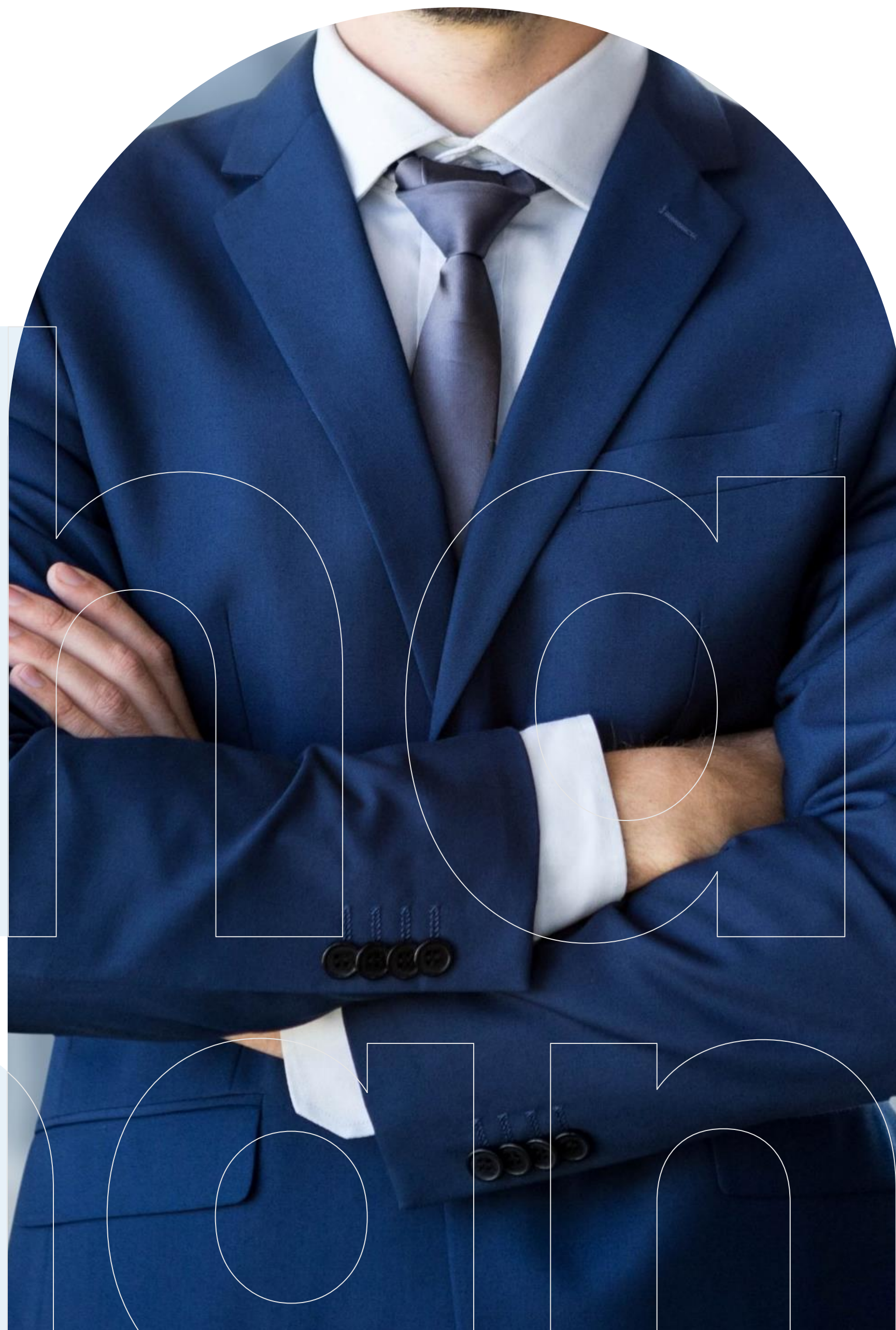




Navigating the Future of Auditing:
Prepared during SAI Thailand's
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A Chairman's View

Modern Auditing Practices
Uncovered Weekly

A Chairman's View: Modern Auditing Practices Uncovered Weekly Vol. 9



Enhancing Performance Audits:
The Role of DFOG in Supreme Audit Institutions
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Enhancing Performance Audits: The Role of DFOG in Supreme Audit Institutions

Supreme Audit Institutions (SAIs) are key player in promoting transparency, accountability, and good governance in public administration. One of the key responsibilities of SAIs is to conduct performance audits, which assess the efficiency, effectiveness, and economy of government programs and services. Nowadays, the new concept known as **the DFOG (Duplication, Fragmentation, Overlap, and Gap)** framework is a valuable tool that can help SAIs identify and address common issues that impede the performance of these programs and services. This article will discuss the importance of the DFOG framework, its background, contributions, and how SAIs can implement it in their performance audits.

Background of DFOG Analysis:

Initially the concept of DFOG analysis was first developed by the Government Accountability Office of the United States (GAO) as **the Fragmentation, Overlap, and Duplication (FOD)** analysis guide in 2015. The guide was created to help analysts and policymakers identify and evaluate instances of fragmentation, overlap, and duplication among programs, explore options to reduce or better manage the negative effects of FOD, and assess the potential trade-offs and unintended consequences of these options.

However, building upon the original FOD analysis guide, **Dashiell Velasque**¹ from the Brazilian Federal Court of Accounts presented a

¹ Please see: https://wgea.org/media/117193/intosai-wgea-seminar-summary-1_2021.pdf

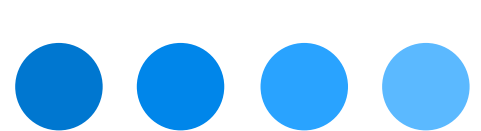
method that the Brazilian Supreme Audit Institution (SAI Brazil) has developed to further enhance the analysis by including gaps, thereby creating the DFOG framework. This addition enables a more comprehensive assessment of government programs and services, allowing SAIs to address fragmentation, overlap, and duplication issues and identify areas where there is an unmet need for a program or service.

1. Why should we concern about DFOG?

DFOG analysis is essential because it enables SAIs to identify and address critical issues that hinder the effectiveness of government programs and services. By focusing on duplication, fragmentation, overlap, and gaps, SAIs can provide valuable insights and recommendations to improve the efficiency and effectiveness of public service delivery. This, in turn, can lead to better use of public resources, increased accountability, and a higher level of trust in government institutions.

DFOG Elements and Examples:

- **Duplication:** Duplication occurs when two or more programs or activities serve the same purpose or target the same beneficiaries. For example, two separate government agencies may provide subsidies for the same type of small business grants, leading to confusion among beneficiaries and inefficient use of resources. By identifying such duplication, SAIs can recommend consolidating similar programs or activities, thereby improving efficiency and reducing costs.
- **Fragmentation:** Fragmentation refers to the division of responsibilities among multiple entities or departments, which can lead to a lack of coordination and inefficiencies in service delivery. For instance, the responsibility for managing natural disaster responses



may be split among multiple departments, such as the Department of Meteorology, Department of Emergency Management, and Department of Public Health. This fragmentation may lead to poor coordination and delays in disaster response. SAIs can analyze the division of responsibilities and recommend changes to streamline processes and improve overall performance.

- **Overlap:** Overlap occurs when different programs or activities serve similar purposes or target overlapping groups of beneficiaries, potentially leading to redundancy or confusion. In the healthcare sector, multiple agencies might be responsible for providing similar services, such as vaccination programs, to the same target population. This overlap can result in redundancy, confusion, and inefficient allocation of resources. SAIs can identify areas of overlap and suggest ways to harmonize and better coordinate these programs or activities.
- **Gap:** A gap refers to a situation where there is a need for a program or service that is not being met by the current system. For example, a rural community may lack access to adequate healthcare services due to lacking healthcare facilities or programs. In this situation, there is a clear gap in service provision. SAIs can identify gaps and recommend developing new programs or services to address unmet needs.

2. What are the contributions of DFOG?

The DFOG framework contributes to the improvement of public services in the following ways:

- **Identifies inefficiencies:** By pinpointing areas of duplication, fragmentation, and overlap, DFOG analysis can help SAIs uncover inefficiencies in government programs and services, leading to cost savings and more effective resource allocation.

- **Enhances coordination:** DFOG analysis can help identify instances where better coordination and cooperation among government agencies is needed, leading to more streamlined service delivery and improved beneficiary outcomes.
- **Addresses unmet needs:** By identifying gaps in service provision, DFOG analysis can contribute to developing new programs or expanding existing ones to address the needs of underserved populations.
- **Informs policy decisions:** The insights and recommendations provided by DFOG analysis can serve as valuable input for policymakers, helping them make informed decisions that lead to better governance and more efficient public services.

3. How to implement the DFOG for SAIs?

To effectively implement the DFOG framework in their performance audits, SAIs can follow these steps:

- **Step 1:** Clearly define the scope of the audit, identifying the programs, services, or agencies that will be assessed.
- **Step 2:** Collect and analyze data on the performance of these programs, services, or agencies, focusing on indicators related to efficiency, effectiveness, and economy.
- **Step 3:** Identify instances of duplication, fragmentation, overlap, and gaps by examining the relationships among the programs, services, or agencies under review.
- **Step 4:** Evaluate the impact of these issues on service delivery, resource allocation, and overall performance.
- **Step 5:** Develop recommendations to address the identified issues, including suggestions for consolidating programs, streamlining processes, improving coordination, and addressing unmet needs.

- **Step 6:** Communicate the findings and recommendations to relevant stakeholders, including government agencies, policymakers, and the public.

Conclusion

The DFOG framework, building upon the original FOD analysis guide developed by the GAO and further enhanced by SAI Brazil, provides a valuable tool for Supreme Audit Institutions to enhance their performance audits and contribute to better governance and public service delivery. By identifying and addressing issues related to duplication, fragmentation, overlap, and gaps, SAIs can help improve government programs and services' efficiency, effectiveness, and economy, leading to better use of public resources, increased accountability, and a higher level of trust in government institutions.

After word

A Chairman's View: Modern Auditing Practices Uncovered Weekly

According to the ASOSAI Chairman 2021-2024, The State Audit Office of the Kingdom of Thailand promotes the Bangkok Declaration 2021, which explains the adaptation of SAIs in the next normal era. Therefore, this short paper aims to provide weekly insights and updates on modern auditing practices, focusing on the experiences and perspectives of SAI Thailand's Chairman during their ASOSAI 2021-2024 term.

The paper series focuses on the Public Sector Audit Trends: Analyze emerging trends and advancements in the public sector audit landscape within Thailand and across ASOSAI member countries. The short paper series will be published in a concise and accessible format, with each weekly installment consisting of 3-5 pages. This format ensures that the content is easily digestible for a broad range of readers. The short paper series will be published weekly, with a new installment released every week, covering various topics within the defined scope.

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