



Metro

Office of the Auditor
Annual Report

FY 2022-2023

Brian Evans
Metro Auditor
September 2023

Message from the Metro Auditor

Residents of the Metro region:

The Metro Auditor's Office continues to provide objective and independent analysis to keep you informed about your regional government. Continuous improvement is a common theme in the recommendations we make in audit reports. The annual report is a chance to apply the same approach to our own efforts. It includes five-year trends for each of the performance measures I use to assess the efficiency and effectiveness of our work. I use the information to manage resources and make adjustments when needed. I hope you find it informative.

Last fiscal year (July 1, 2022 to June 30, 2023) we published four audits. One was a follow-up audit to assess the status of recommendations made in the Code of Ethics audit. The other three audits made new recommendations related to Portland's Centers for the Arts' intergovernmental agreements, surplus property management, and implementation of the 2019 Parks and Nature Bond measure. While our reports don't always generate newspaper headlines or media attention, they are critical sources of information to help the public and Metro Council understand how the agency is managed. If you haven't already, I hope you will read the full reports or the one-page summaries to learn about our conclusions. Those documents and video presentations for each audit are all available on our website.


In May, several members of the office attended the Association of Local Government Auditors annual conference in Baltimore, Maryland. It was nice to be able to complete training and network with the performance auditor community in person again. We welcomed two new auditors and a Hatfield Resident fellow to the office. Our new team members bring experience and education from a variety of fields and they have already brought new insights to our work.

In the coming months, we will publish three audits focused on affordable housing, supportive housing services, and solid waste operations. These are some of the most well-known programs in Metro's portfolio and I'm looking forward to sharing the results. After that, we will start new audits focused more on internal operations. These functions are not always well known to the public, but they can have a significant impact on the effectiveness, efficiency, and equitable provision of services to the region's residents.

Take care,



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www.oregonmetro.gov/regionalleadership/metro-auditor

Accountability Hotline: 888-299-5460 or www.metroaccountability.org

About the Auditor's Office

The office is led by the Metro Auditor; an elected position serving the entire Metro region. Performance audits are the primary responsibility of the office and follow Government Auditing Standards. Performance audits provide independent and objective information to help management and the Metro Council be accountable to the public, improve program performance, reduce costs, and assist decision-making. The office also oversees the contract for the annual audit of Metro's financial statements and administers the Accountability Hotline where employees and the public can report concerns about Metro's programs and services.

Brian Evans is the third elected auditor since the position was created by the Metro Charter in 1995. Prior to being elected, Brian worked in the Auditor's Office and as an economist with Oregon's economic and community development department. The Auditor's Office welcomed two new auditors last year and recently welcomed a Hatfield Resident fellow (Tram Anh Hoang a recent graduate of the University of Oregon). The office includes the elected auditor, five management auditors, and an administrative assistant:

- Brian Evans, CIA, CGAP, *Metro Auditor*
- Mason Atkin, *Senior Management Auditor*
- David Beller, *Senior Management Auditor*
- Maggie Muldrew, *Senior Management Auditor*
- Angela Owens, CIA, CFE, CAPM, *Principal Management Auditor*
- Paoa Wandke, *Senior Management Auditor*
- Tracy Evans, *Auditor's Administrative Assistant*

To meet audit standards, auditors are required to complete 80 hours of continuing professional education every two years. Auditors attend, and lead, training on performance auditing topics. They also participate in an annual retreat to plan audit work and enhance communication and teamwork.

Mission and Values

Our mission is to:

- Ensure that Metro is accountable to the public,
- Ensure that Metro's activities are transparent, and
- Improve the efficiency and effectiveness of Metro programs and services.

It is our vision to be relevant and efficient, choosing the right areas to audit and completing audits quickly so Metro can continually improve its services and be accountable to the public. Audit findings and recommendations are presented publicly before the Council and are intended to assist the Council and Chief Operating Officer in making improvements to better serve the public. Reports are published on the Metro Auditor's web page (<https://www.oregonmetro.gov/regional-leadership/metro-auditor/audits>).

Our values are:

- Professionalism
- Ethical behavior
- Public service
- Wise and equitable use of resources
- Open mindedness
- Respecting others
- Supporting findings with fact
- Fairness
- Teamwork

Performance measures

The performance of the Auditor’s Office is measured by reviewing results in the following areas:

- Average hours to complete an audit and number of audits completed;
- Number of audits completed per full time equivalent (FTE) employee;
- Audit hours per department;
- Auditee feedback;
- Recommendation implementation rate; and
- Average days to close cases reported to the Accountability Hotline.

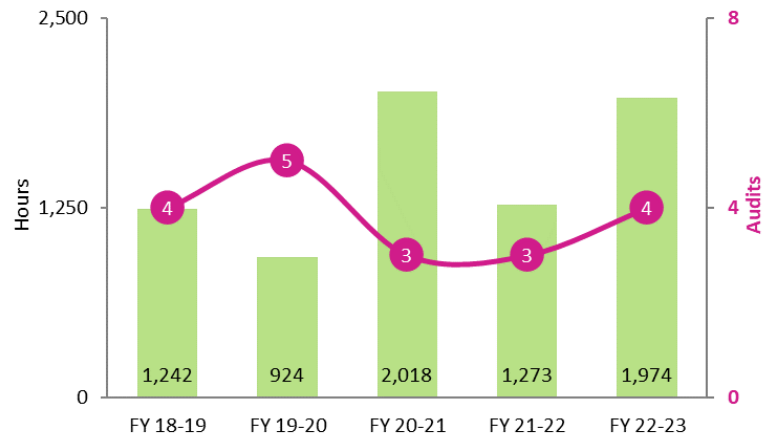
Average audit hours and number of audits

Average audit hours and the number of audits completed measure the office’s efficiency. In FY 2022-23, four audits were completed. The hours required to complete each audit ranged from 1,025 to 3,300. The average was 1,974 hours.

Audits vary in length, depending on their scope and complexity. Average audit hours in FY 2022-23 were higher than last year due to one audit with a broad scope of work and two others that required more than the typical number of hours (1,200).

The four audit reports published in FY 2022-23 included three full audits and one follow-up audit. A total of 26 recommendations were made. The audit reports released were:

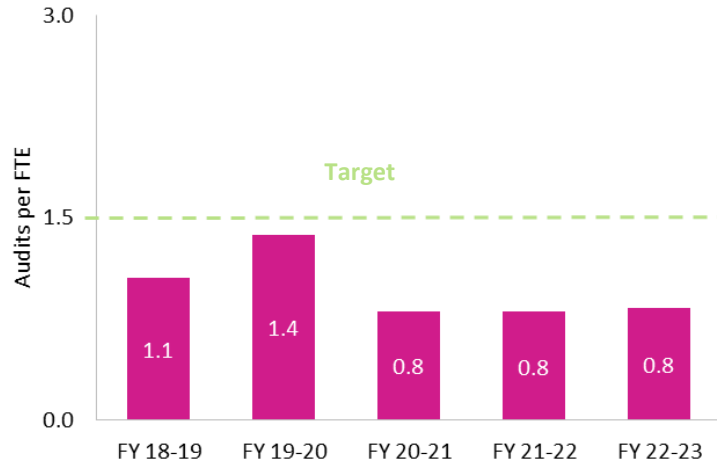
- Surplus Property (July 2022)
- Portland’s Intergovernmental Agreements (August 2022)
- Code of Ethics Follow-up (February 2023)
- Parks and Nature 2019 Bond Measure Implementation (June 2023)



Audits per FTE

Another way to measure efficiency is by looking at the number of audits completed per full-time equivalent (FTE) employee. In FY 2022-23, 0.8 audits per FTE were completed, which was the same as the previous year. Available staff hours and the scope of the audit determine the number of audits that can be completed each year. The length is affected by the complexity of the subject and size of the program.

Generally, the office tries to complete one and a half audits per FTE each year. We did not meet our performance target last year. Staff turnover and the timing of audits were two contributing causes. Stable staffing should help improve our efficiency in the coming year.

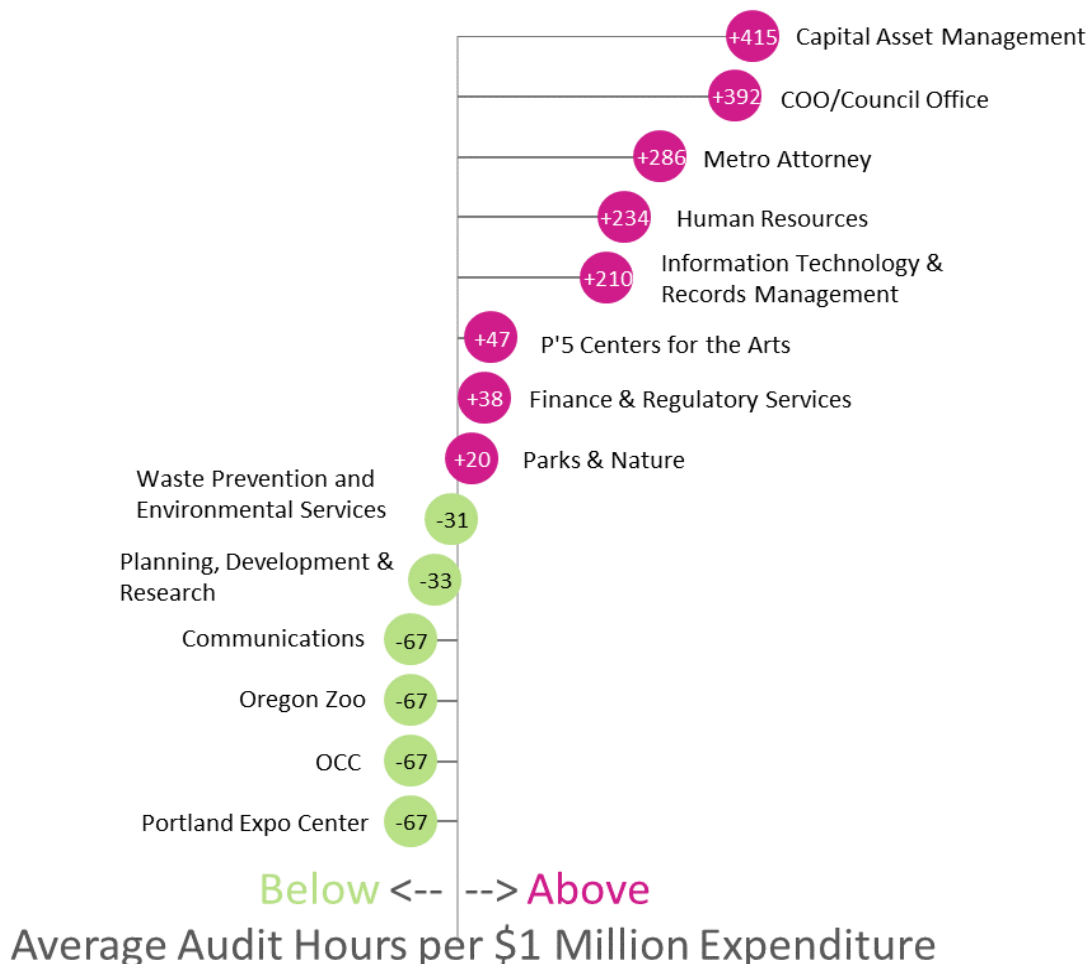


Audit hours by department

This measure is used to evaluate the office’s effectiveness by showing how audit hours were distributed among Metro departments. It is calculated by dividing the total audit hours spent in each department by the department’s annual expenditures. This analysis is considered when developing the audit schedule.

In the last five years, about 67 audit hours were used for each \$1 million spent annually. If our office was able to provide equal coverage, each department would be stacked along the average line. In reality, more time is spent in some departments than others for a variety of reasons including audit timing and greater risks in some programs and services.

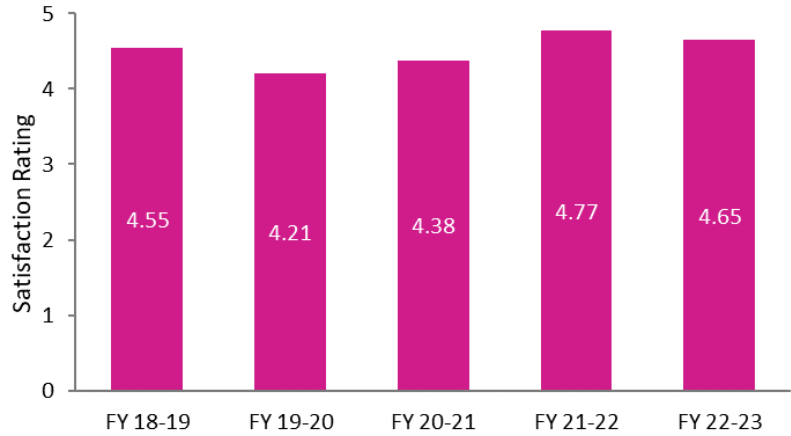
Over the last five years, audit hours have been somewhat unevenly distributed between departments when considering their expenditures. More time was spent in Capital Asset Management; COO/Council Office; Metro Attorney; Human Resources; Information Technology and Records Management; P’5 Centers for the Arts; Finance and Regulatory Services; and Parks and Nature relative to their level of expenditure. In contrast, relatively less time was spent in other parts of the organization such as Waste Prevention and Environmental Services; Communications; Planning, Development and Research; Oregon Zoo; Oregon Convention Center; and Expo Center. The audits in process and the other audits on this year’s schedule will help rebalance audit coverage.



Auditee feedback

Surveys are a way to get input on the quality of our work. After an audit is published, we ask those involved to provide feedback through an anonymous survey. Survey questions are designed to get information about the audit process, staff, report, and overall satisfaction.

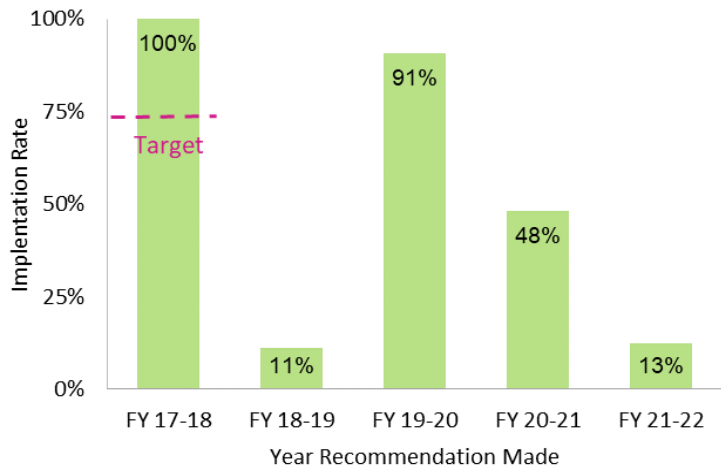
In FY 2022-23, the average level of agreement about the value of our work was 4.6 out of 5. This indicated satisfaction with our reports, staff, and overall process and exceeded our performance target. The response rate for all post-audit surveys was 37%. That was about the same as last year, but below the average over the last five years (42%). Ensuring it is as easy as possible to provide feedback will be an area of focus this year.



Recommendation implementation rate

The percentage of recommendations implemented shows how much impact audits have on the organization. Each January, the office asks audited programs to report on the status of recommendations made in the last five years. That information, combined with the conclusions from any follow-up audits we completed, is used to track the percent of recommendations implemented after an audit is released.

The performance target is for 75% of recommendations to be implemented within five years. The most recent information showed 100% of our recommendations from five years ago were implemented. This was a great outcome. Additional work may be needed to continue the trend since only 11% of the recommendations made four years ago have been implemented. This is driven by low implementation rates of the recommendations made in our emergency management and information security and technology audits in FY 2018-19.



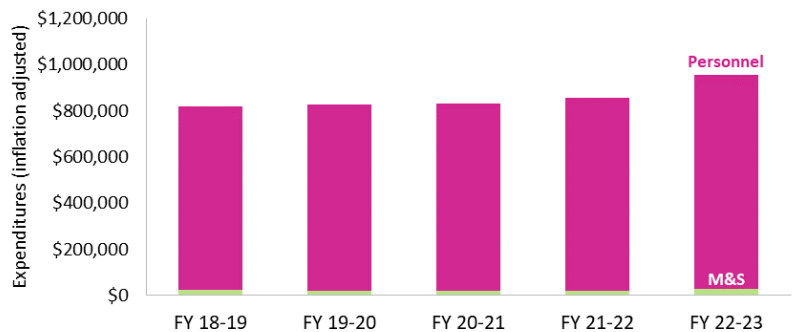
Audit schedule

The following audits are in process or scheduled to start in FY 2022-23. Audit topics are selected based on input from Metro Council, department management, audit staff, and the public. We also conduct a risk assessment to identify timely topics.

Audit Title	Start	Expected Completion
Solid Waste Transfer Station Operating Controls	October 2022	September 2023
Affordable Housing Bond	November 2022	October 2023
Supportive Housing Services	November 2022	October 2023
Financial Condition of Metro FY2013-14 to FY2022-23	January 2024	TBD
Span of Control	TBD	TBD
Renewal and Replacement	TBD	TBD
Budget Process and Performance Measures	TBD	TBD
Capital Project Management	TBD	TBD

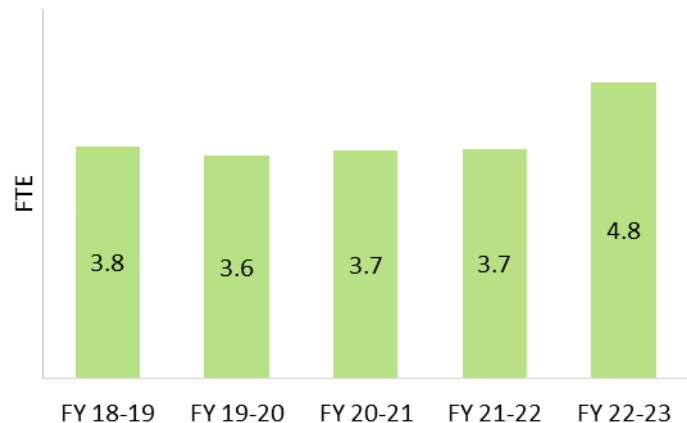
Expenditures

Expenditures in FY2022-23 rose by about 12% compared to the previous year. This was the result of a 11% increase in personnel costs related to a new position approved by Metro Council. Our ability to attend in-person trainings resulted in higher materials and services (M&S) expenditures last year, too.



Staffing available

This graph represents actual staff hours available. In FY 2022-23, there were 10,065 audit hours available, or 4.8 full-time equivalent employees (FTE). Last year was the first time the office was fully staffed after several years of disruptions during the global pandemic.



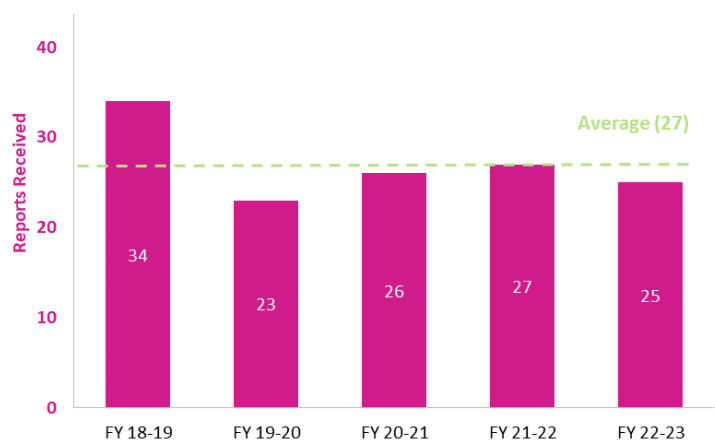
Accountability Hotline summary

The Accountability Hotline gives employees and the public a way to report waste, inefficiency, or abuse of resources. The Metro Auditor administers the Accountability Hotline through a third-party vendor. All reports are reviewed first by the Metro Auditor to determine the accuracy and significance of the information reported. After the initial review, the Metro Auditor consults with senior management, the Metro Attorney, or the Human Resources Director to determine the appropriate investigation method and priority. Cases may be handled by Human Resources personnel if disciplinary action could result. In some cases, upper management will assign an investigation to a department director if the report involves a service or program in their department. The Auditor reserves the right to conduct an audit on any report received.

Reports received

In FY 2022-23, a total of 25 reports were received. That was lower than the average number of reports (27) that have been received over the last five-years, and lower than the previous two years.

The reports received varied widely in terms of specificity and issues identified. As a result, they cannot be categorized or summarized easily. Reports related to the entire agency were the most frequent, accounting for 44% of the total. Concerns about the Oregon Zoo were the next highest at 20%. The remaining 36% were evenly distributed between the Metropolitan Recreation and Exposition Commission (MERC), solid waste, and Metro's headquarter building.



Fifteen reports were successfully investigated. Ten reports were not investigated because they were out of Metro's jurisdiction, did not provide enough information to investigate, or the reporter withdrew their concern.

Of the 15 reports that were successfully investigated, one was substantiated and 14 were unfounded or inaccurate. The most frequent action taken in response to a report was to relay information to the person reporting the concern to provide context or additional information about what occurred. Corrective actions were made in response to one report.

Average days to close a case

To be responsive to the person reporting, the Metro Auditor uses the average days to close a case to assess performance. According to the latest benchmark data from the hotline provider, cases are resolved in about 40 days on average, which is target used to evaluate performance. The performance target was achieved in four of the last five years. Longer close times in FY 2020-21 were caused by several factors. There were several reports made about similar issues and the investigations took more time due to their complexity. Closure times have improved in the last two years, which appears to be the result of Human Resources hiring a dedicated investigator to address personnel concerns.

