



Metro

Office of the Auditor
Annual Report

FY 2021-2022

Brian Evans
Metro Auditor
September 2022

Message from the Metro Auditor

Residents of the Metro region:

Transparent and accountable government remains a top priority for many of us who live in the region. The Metro Auditor's Office continues to provide objective and independent analysis to keep you informed about your regional government. While the region recovers from Covid-19, the mix of remote and in-person work is starting to take shape for our office. Regardless of where we conduct our work, our commitment to providing timely and relevant information about Metro's programs and services remains constant.

This report provides five-year trends for each of the performance measures I use to assess the efficiency and effectiveness of the Auditor's Office. 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. I use the information to manage resources and adjust when needed. I hope you find it informative.

We published three audits last year. Two were limited scope audits. One of them provided timely information about progress made on previous emergency management recommendations. The other was the first independent analysis of the global pandemic's effect on Metro's financial health. The third audit evaluated Metro's progress on implementing its Strategic Plan to Address Racial Equity, Diversity, and Inclusion. 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 in uncertain times. 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, we were honored to receive a distinguished Knighton Award by the Association of Local Government Auditors for our 2021 audit of the Affordable Housing Bond. In addition to that recognition, the authors of that audit both achieved individual career milestones around the same time. Voters elected Simone Rede to begin serving as the City of Portland Auditor in January 2023. Nicole Pexton was hired to serve as the Chief Audit Executive for Oregon's Liquor and Cannabis Commission. It's fulfilling to see our team members take leadership roles and it also signals a time of change for our office. I am excited to work with new members of our team and I'm sure we will all benefit from the new energy and insights they bring to our work.

Lastly, we are helping organize the return of in-person auditor training in October, which feels like a success. Staying connected to the wider community of performance auditors keeps our skills sharp and prepares us to respond to emerging risks. As the last two years have demonstrated, there is no shortage of challenges in the region. Rest assured the Office of the Metro Auditor is working to bring you the independent information you need to understand how Metro is responding.

Take care,



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Metro Auditor

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 @MetroAuditor

www.oregonmetro.gov/regional-leadership/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 we 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 expanded last year with the addition of a new auditor position and a summer fellow (Catalina Harmon a student at Oregon State University). The office now 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*
- Angela Owens, CIA, CFE, CAPM, *Principal Management Auditor*
- Simone Rede, CIA, CGAP, *Principal Management Auditor*
- Rosalie Roberts, *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 also lead training on performance auditing topics. They also participate in an annual retreat to plan their 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

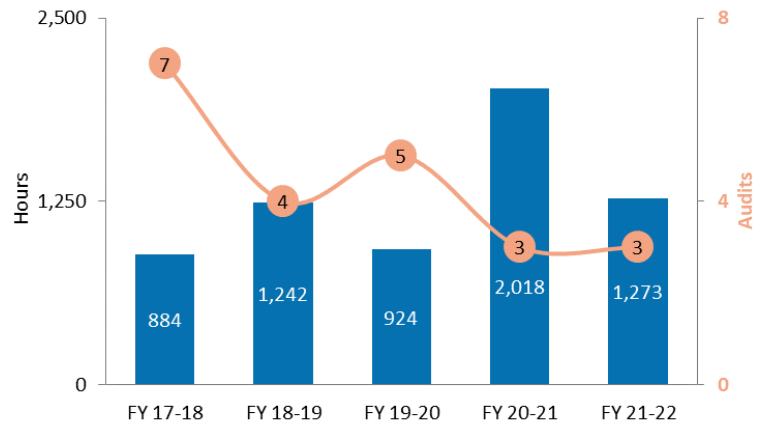
The office's performance is measured by reviewing results in the following areas:

- 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 2021-22, three audits were completed. The hours required to complete each audit ranged from 285 to 2,400. The average was 1,273 hours.

Audits vary in length, depending on their scope and complexity. Average audit hours in FY 2021-22 were lower than last year due to two audits that had narrower scopes of work. This led to the same number of audits being completed, but with fewer hours devoted to each.



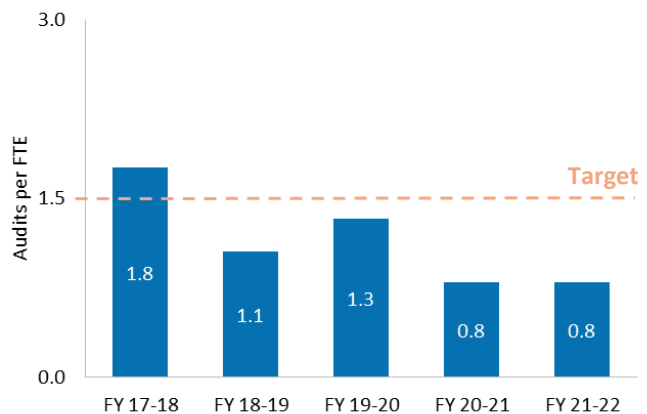
The audit reports published in FY 2021-22:

- Emergency Management Follow-up (October 2021)
- Diversity, Equity and Inclusion Program (November 2021)
- Financial Condition of Metro: FY 2011-12 to FY 2020-21 (June 2022)

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 2021-22, 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. Smaller scoped audits and stability in staffing should help improve our efficiency in the coming year.



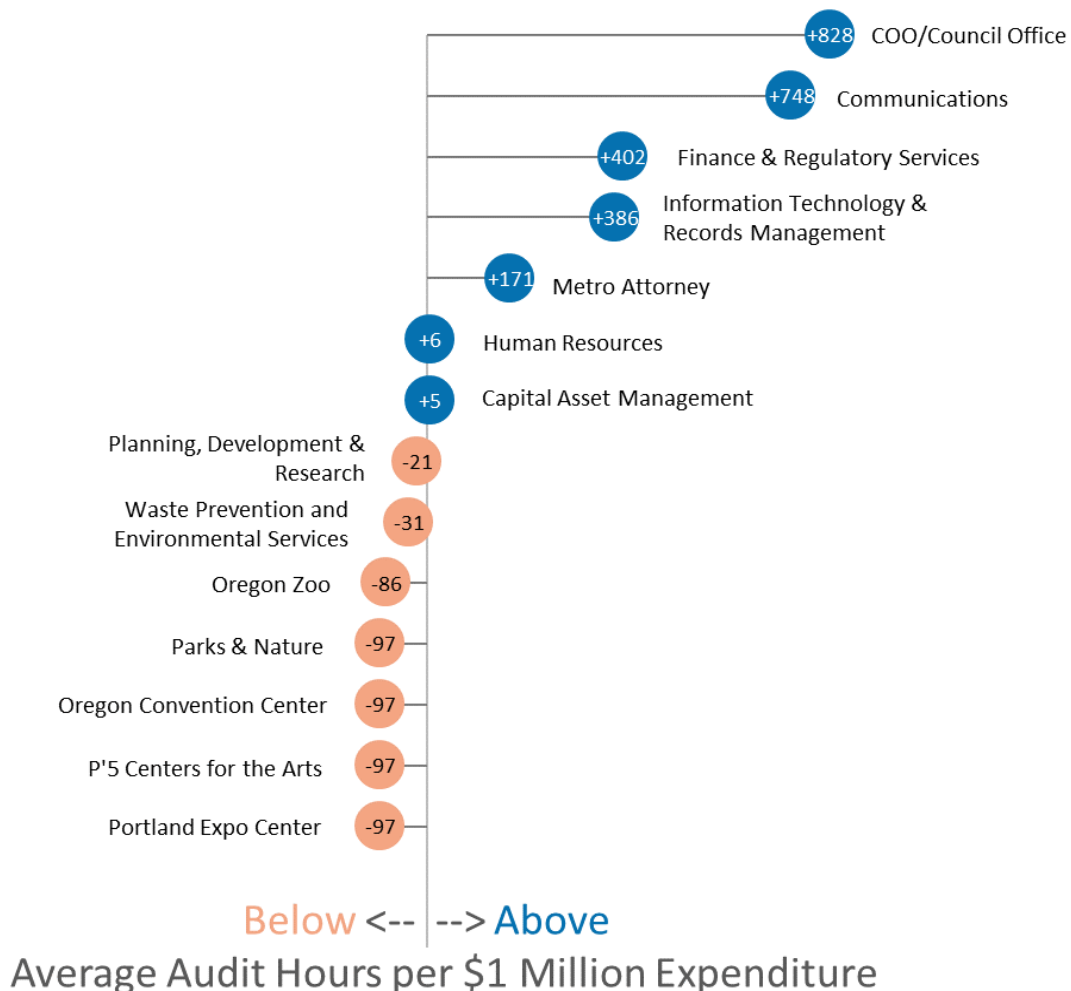
Audit hours by department

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 size as measured by annual expenditures. This analysis is considered when developing the audit schedule.

In the last five years, about 97 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 taking into account their size. More time was spent in COO/Council Office; Communications; Finance and Regulatory Services; Information Technology and Records Management; Metro Attorney; Human Resources; and Capital Asset Management relative to their level of expenditure. In contrast, relatively less time was spent in other parts of the organization such as Planning, Development & Research; Waste Prevention and Environmental Services; Oregon Zoo; Parks and Nature; Oregon Convention Center; P'5 Centers for the Arts; and Expo Center. The audits in process and the other audits on this year's schedule will help rebalance audit coverage.

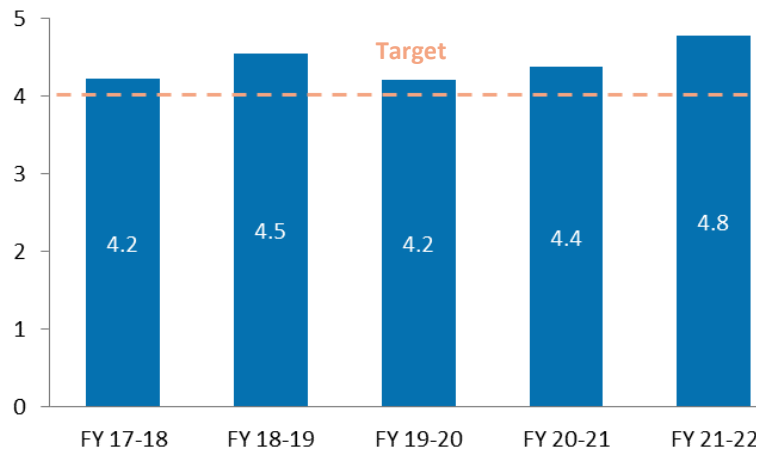
Some departments had **fewer audit hours** than expected and some had **more audit hours** than expected



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.

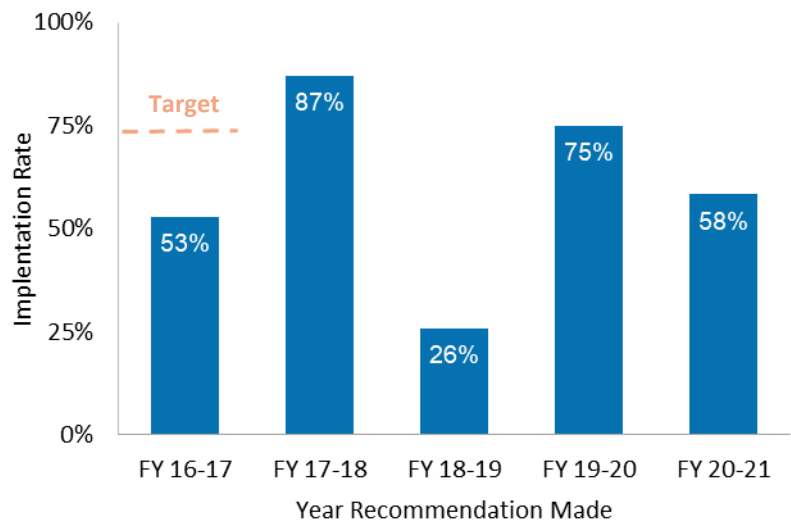
In FY 2021-22, the average level of agreement about the value of our work was 4.8 out of 5. This indicated satisfaction with our reports, staff, and overall process and exceeded our performance target. The response rate for all post-audit surveys was 38%. That was higher than last year, but still below the average over the last five years (46%). This year we will continue to refine strategies to ensure we receive feedback from as large a groups as possible.



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've completed, is used to track the percent of recommendations implemented after an audit is released.

The performance target is that 75% of recommendations are implemented within five years. The most recent information showed 53% of our recommendations from five years ago were implemented. Increasing the implementation rate will continue to be an area of focus in the coming year to make sure management has taken sufficient action to address the risks identified in audit reports.



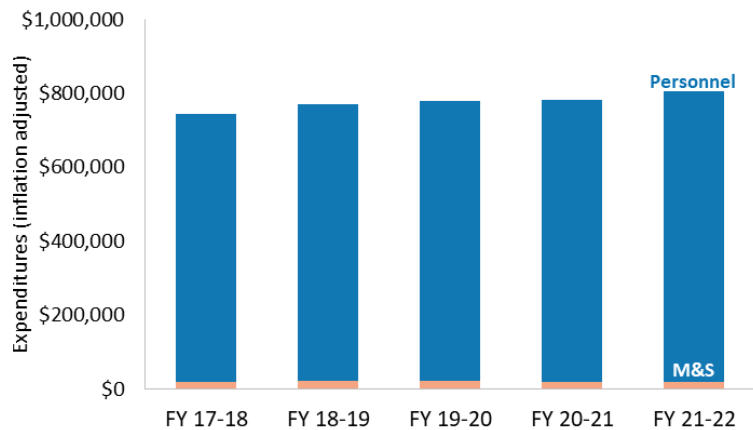
Audit schedule

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
2019 Parks & Nature Bond	June 2022	TBD
Code of Ethics Follow-up	August 2022	November 2022
Solid Waste Transfer Station Operating Controls	September 2022	TBD
Affordable Housing & Supportive Housing Services	TBD	TBD

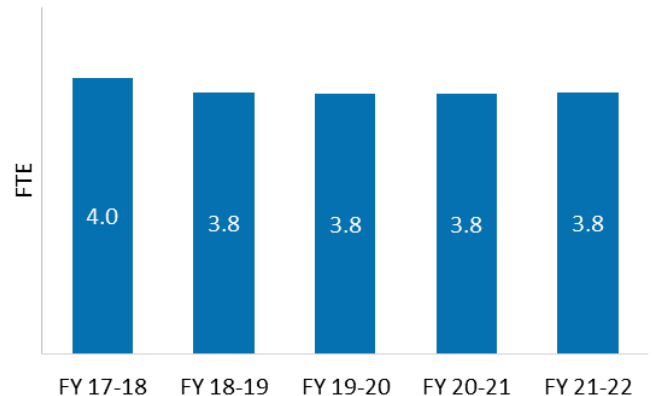
Expenditures

Expenditures in FY2021-22 rose by 3.1% compared to previous year. This was the result of a 3.4% increase in personnel costs combined with an 8.2% decrease in spending on materials and services.



Staffing available

This graph represents actual staff hours available. In FY 2021-22, there were 7,875 audit hours available, or 3.8 full-time equivalent employees (FTE). Over the last four years, staffing has been below the full budgeted level. Last year, this was caused by the departure of two employees.



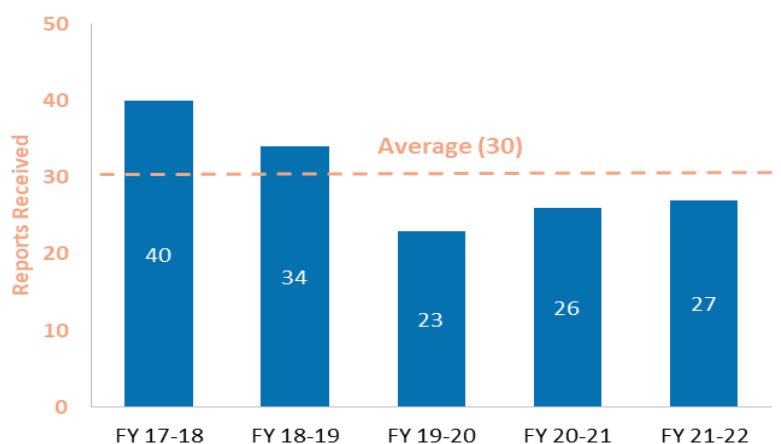
Accountability Hotline summary

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 2021-22, a total of 27 reports were received. That was lower than the average number of reports (30) that have been received over the last five-years, but slightly higher than the two previous 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 Oregon Zoo and the venues that make up the Metropolitan Recreation and Exposition Commission (MERC) accounted for 52%. Agency-wide reports (19%), reports about solid waste operations (15%), and Metro's headquarter building (11%) were the next highest.



Seventeen reports were successfully investigated. Ten reports were not investigated because they were unfounded, did not provide enough information to investigate, or the reporter withdrew their concern.

Of the 17 reports that were successfully investigated, three were 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 three reports.

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. The performance target was achieved in four of the last five years. Longer close times in FY 2020-21 were caused by several reports about similar concerns. The investigations of these concerns took more time due to their complexity. Closure times improved this year which indicates the upward spike last year was an outlier.

