



Metro

Office of the Auditor
Annual Report

FY 2018-2019

Brian Evans
Metro Auditor
October 2019

Message from the Metro Auditor

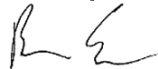
Residents of the Metro region:

You deserve transparent and accountable government. 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 make adjustments when needed. I hope you find it informative.


Last year we completed audits of emergency management, and information security and technology. We also completed follow-up audits to determine the status of previous audit recommendations related to capital project planning and Metro's equity in contracting program. Our audits identified opportunities to improve Metro's ability to reach its goals, and provide benefits to residents of the region.

In March 2019, the article we wrote about auditing culture received an award from the Association of Local Government Auditors. Our office also contributed to the audit profession in a number of other ways. Last year, we led training sessions at two conferences and served on various committees to support and improve local government auditing through advocacy, collaboration, and education. As in past years, I have been impressed with the dedicated service to the region employees in my office show, as well as their willingness to share their expertise and experiences with others in the auditing profession.

Sincerely,



Brian Evans
Metro Auditor

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[@MetroAuditor](https://twitter.com/MetroAuditor)

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 work conducted by the office and follow Generally Accepted Government Auditing Standards. Performance audits provide independent and objective analysis 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 financial audit of Metro's financial statements and administers the Accountability Hotline where employees or the public can report concerns about Metro's programs and services.

Brian Evans is the third elected auditor since the position was created in the Metro Charter in 1995. Prior to being elected, Brian worked in the Auditor's Office for six years. The office includes the elected auditor, management auditors, and an administrative assistant:

- Brian Evans, CGAP, CIA, *Metro Auditor*
- Tracy Evans, *Auditor's Administrative Assistant*
- Angela Owens, CFE, *Principal Management Auditor*
- Simone Rede, CGAP, *Senior Management Auditor*
- Elliot Shuford, *Senior Management Auditor*

To meet audit standards, auditors are required to complete 80 hours of continuing professional education every two years. Staff attended forums, workshops, and conferences on performance auditing, as well as participated in an annual retreat to plan our 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 that will better serve the public. Reports are published on the Metro Auditor's web page.

Our values are:

- | | | |
|---------------------------------------|-------------------------|---------------------|
| • Professionalism | • Ethical behavior | • Credibility |
| • Wise and equitable use of resources | • Being open minded | • Respecting others |
| • Supporting findings with fact | • Balanced perspectives | • 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; and
- Recommendation implementation rate.

Average audit hours and number of audits

Average audit hours and the number of audits completed measure the office's efficiency. In FY 2018-19, four audits were completed. The hours required to complete each audit ranged from 600 to 1,885. The average was 1,240 hours.

Audits vary in length, depending on their scope and complexity. Average hours in FY 2014-15 were lower than other years due to several audits that had a narrow scope of work. Average hours per audit increased last year because of two larger audits. This led to fewer audits being completed, but with more hours devoted to each.



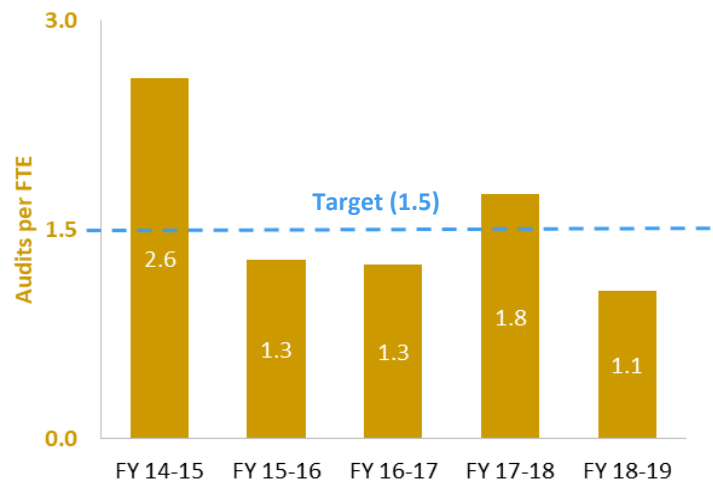
The four audit reports published in FY 2018-19 included two full audits and two follow-up audits. A total of 27 recommendations were made. The audit reports released were:

- Emergency Management (October 2018)
- Information Security and Technology (March 2019)
- Capital Project Planning Follow-up (April 2019)
- Minority-owned, woman-owned, service-disabled veteran-owned, and emerging small businesses (MWESB) Procurement Follow-up (May 2019)

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 2018-19, 1.1 audits per FTE were completed, which was less than 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. Smaller scoped audits will help us improve in this area this year. We are also evaluating ways to increase our efficiency.

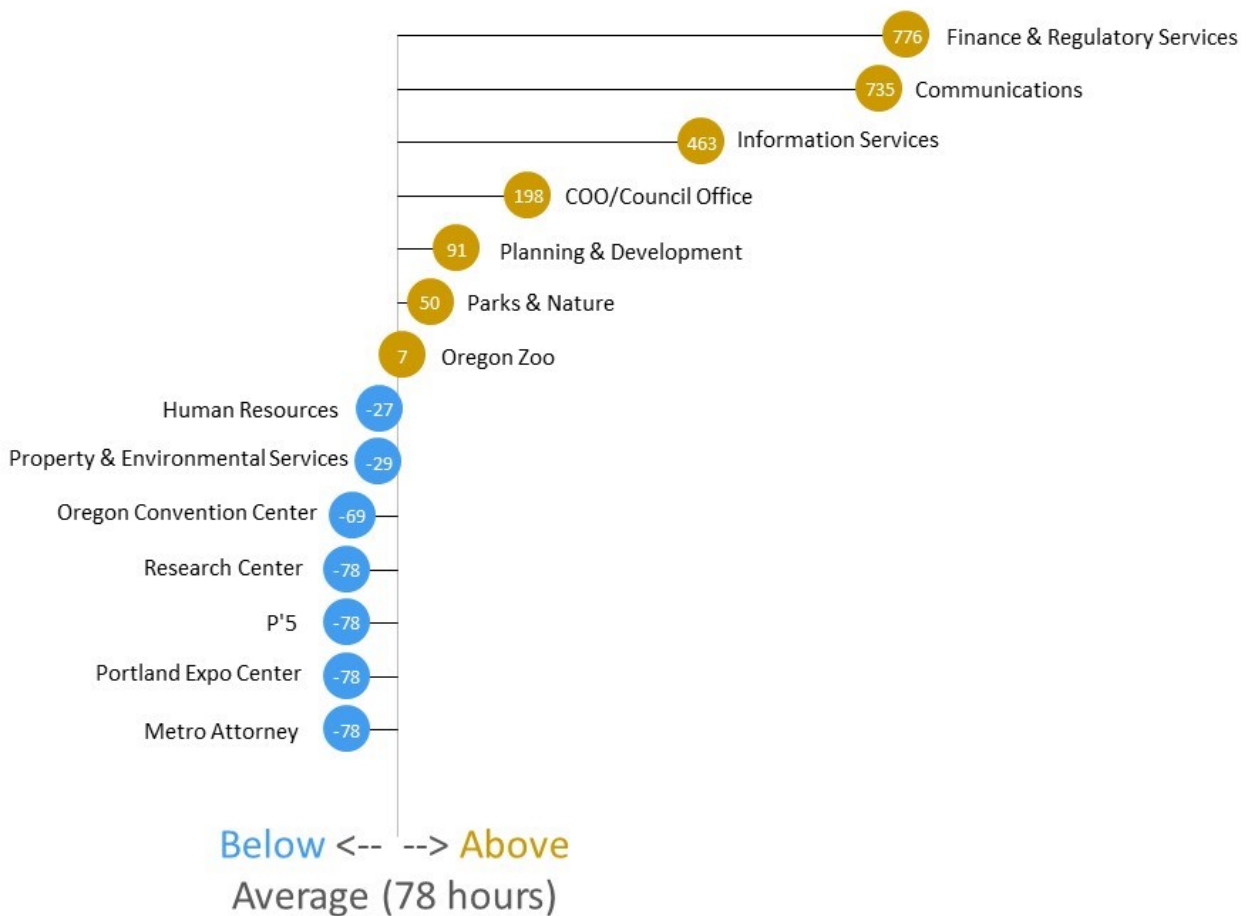


Audit hours per \$1 million expenditure, FY 2014-15 to FY 2018-19

This measure is used to evaluate the office's effectiveness by analyzing 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. In the last five years, about 78 audit hours were used for each \$1 million spent annually by Metro departments. 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 based on their level of expenditure. More time was spent in Finance and Regulatory Services, Communications, Information Services, Chief Operating Officer (COO)/Council Office, Planning and Development, and Parks and Nature relative to their level of expenditure. Conversely, other parts of the organization such as Research Center, P'5 Centers for the Arts (P'5), Portland Expo Center, and Metro Attorney had no audits completed in the last five years. While some unevenness is expected, this type of analysis is one consideration when audits are placed on the schedule. In FY 2019-20 some audits were scheduled, in part, to rebalance audit coverage.

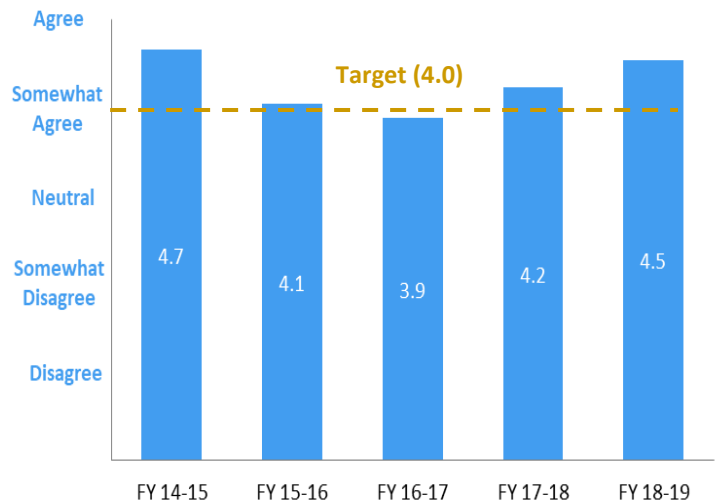
Some departments had **fewer audit hours** than expected and some had **more audit hours** than expected



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.

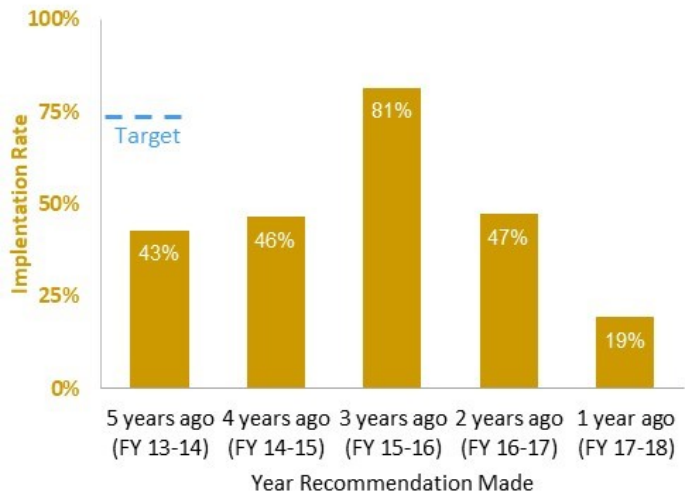
In FY 2018-19, the average level of agreement about the value of our work was 4.5 out of 5. This indicated satisfaction with our reports, staff, and process. The overall response rate for all post-audit surveys was 71%. That was almost double our response rate from two years ago, which indicates the online survey tool has been effective to get more feedback.



Recommendation implementation rate

The percentage of recommendations that are implemented shows how much impact audits have on the organization. Each year, the office asks directors to report on the status of recommendations made in the last five years. That information, combined with our conclusions from follow-up audits, is used to track the percent of recommendations implemented after the audit was released.

The performance target is that at least 75% of the recommendations will be implemented within five years. According to the most recent information, 43% of our recommendations were implemented for the audits released in FY 2013-14. Management reported that all of the recommendations from our audit of Opt In were implemented. Three recommendations from the Organic Waste System and MWESB Procurement audits were also implemented based on our follow-ups. We found work had been done on all the remaining recommendations from that year, but they were not fully implemented. After two years of steady improvement, last year's performance indicates a need to work with management to increase the implementation rate.



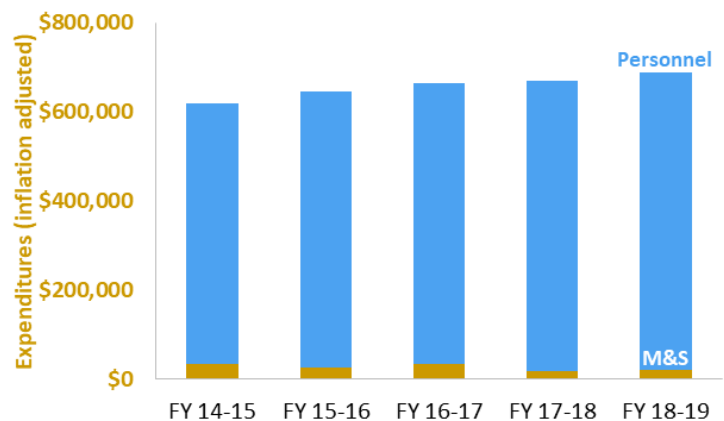
Audit schedule

The following audits are in process or scheduled to be started in FY 2019-20. Audit topics are selected based on input from Metro Council, department management, audit staff, and the public. In addition, we conduct a risk assessment to identify high priority topics.

| Audit Title | Start Date | Expected Completion Date |
|--------------------------------------|---------------|--------------------------|
| Research Center | February 2019 | December 2019 |
| Code of Ethics | March 2019 | November 2019 |
| Employment Agreements | June 2019 | December 2019 |
| Background Check Process | June 2019 | December 2019 |
| Solid Waste Service Equity | TBD | TBD |
| Affordable Housing Bond Preparedness | TBD | TBD |
| Financial Condition of Metro FY09-19 | TBD | TBD |
| Zoo Organizational Culture Follow-up | TBD | TBD |

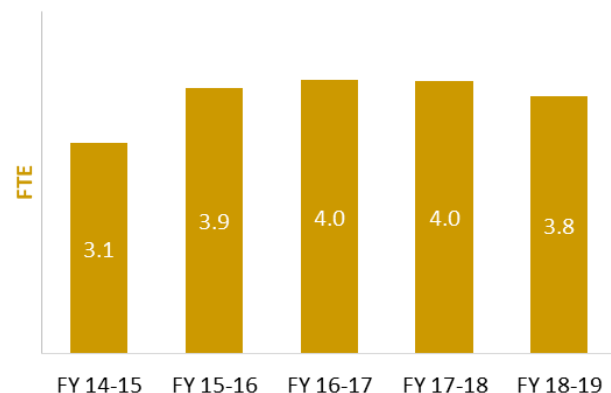
Expenditures

Expenditures were about 3% higher than last year. This was the result of higher spending on materials and services, which increased by about 23%. Spending on personnel also increased by about 2.5% compared to the previous year.



Staffing available

This graph represents actual staff hours available. In FY 2018-19, there were 7,880 audit hours available, the equivalent of 3.8 FTE. This was lower than the previous year due to a vacancy in one of the auditor positions for part of the year.



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. Last year, the process for reviewing incoming reports changed. All reports are now 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 upper 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.

Thirty-four reports were received in FY 2018-19. There is a wide variety in the nature of the reports in terms of specificity and issues identified. As a result, they cannot be categorized or summarized easily. The Oregon Zoo (33%) and Oregon Convention Center (33%) were tied for the highest number of reports. Metro Regional Center (12%) and agency-wide (9%) reports were the next highest.

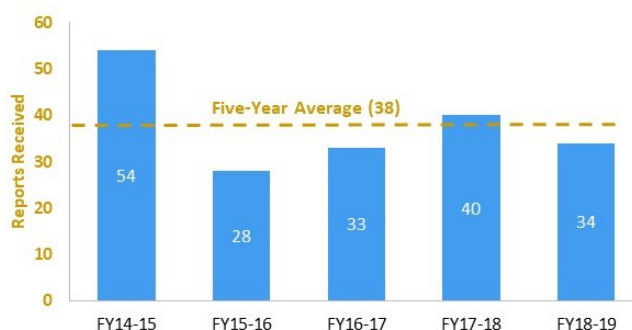
Twenty-three reports were successfully investigated or were in the process of being investigated at the end of the fiscal year. Thirteen reports were not investigated because they did not provide enough information to investigate, the incident was out of Metro's jurisdiction, or the reporter withdrew their concern.

Of the 23 reports that were successfully investigated, four were substantiated and 18 were unfounded or inaccurate. One report was still in process at the time of this report. 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 eight reports. This total is larger than the number of substantiated reports. During some investigations, some inaccurate reports revealed issues that needed to be addressed, even though they were not the primary concern initially raised.

Reports received

The number of Accountability Hotline reports received decreased by about 15% last year. In FY 2018-19, a total of 34 reports were received. That was lower than the average number of reports (38) that have been received over the last five-years.



Average days to close a case

According to best practices, cases should be resolved in 30 days or less to be responsive to the person reporting. The performance target was achieved in four of the last five years. Longer close times last year were caused by several factors. The new initial review process takes longer to complete, but should eventually result in a more efficient investigation process. In addition, there were several complicated cases last year that required specialized expertise to evaluate the significance of the information reported.

