



**Metro**

Office of the Auditor  
**Annual Report**

**FY 2017-2018**

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**Brian Evans**  
*Metro Auditor*  
September 2018

## Message from the Metro Auditor

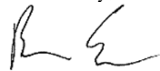
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This report summarizes the performance of the Auditor's office over the last fiscal year (FY2017-18) and provides five-year trends for our performance measures. It is an opportunity to demonstrate our mission of accountable, transparent, efficient and effective government. I use the information to manage resources and make adjustments when needed. 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 hope you find it informative.


Audits completed this year covered a wide-range of Metro's programs and services including public records requests, social media use, sponsorship expenditures, financial condition and payroll. These audits identified opportunities to improve Metro's ability to reach its goals, and provide benefits to residents of the region.

The office also contributed to the audit profession in a number of ways last year. Angela Owens, Simone Rede, and I wrote an article that was published in the Local Government Auditing Quarterly in July. Elliot Shuford participated on a peer review team of an audit shop in Florida. We also led training sessions at two audit conferences. 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

[www.oregonmetro.gov/regional-leadership/metro-auditor](http://www.oregonmetro.gov/regional-leadership/metro-auditor)  
Accountability Hotline: 888-299-5460 or [www.metroaccountability.org](http://www.metroaccountability.org)

## About the Auditor's Office

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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, four staff auditors, and an administrative assistant:

- Brian Evans, CGAP, CIA, *Metro Auditor*
- Tracy Evans, *Auditor's Administrative Assistant*
- Angela Owens, CFE, *Senior Management Auditor*
- Zane Potter, *Senior 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. Our staff attend forums, workshops, and conferences on performance auditing, as well as participates in an annual retreat to plan our work, and enhance communication and teamwork.

In addition to continuing education, auditors contribute to the audit profession by leading training events both internally and at conferences. Several employees also serve on committees for the Association of Local Government Auditors, a professional organization committed to supporting and improving local government auditing through advocacy, collaboration, education, and training.

## Mission and Values

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### **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. 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

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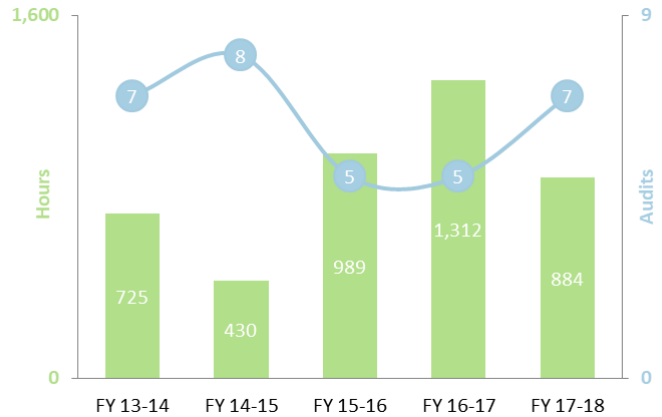
The performance of the Auditor's Office is measured by reviewing results in the following areas:

- Average hours to complete an audit and number 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 2017-18, seven audits were completed. The hours required to complete each audit ranged from 204 to 1,990. The average was 884 hours.

Audits vary in length, depending on their scope and complexity. Average hours in FY 2016-17 were higher than other years due to the complexity of an audit completed in that year. Average hours per audit decreased this year due to follow-up audits and other audit topics with limited scopes of work. This led to more audits being completed, but with fewer hours devoted to each.

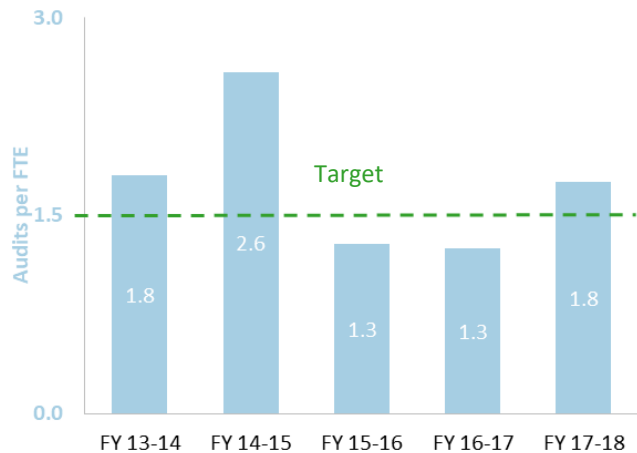


The seven audit reports published in FY 2017-18 included five full audits and two follow-up audits. A total of 31 recommendations were made. The audit reports released were:

- Zoo Quality of Life Program (November 2017)
- Payroll (December 2017)
- Social Media (January 2018)
- Public Records Requests (January 2018)
- Risk Management Program Follow-up (April 2018)
- Financial Condition of Metro FY2007-08 to FY 2016-17 (May 2018)
- Sponsorship Expenditures Follow-up (June 2018)

## 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 2017-18, 1.8 audits per FTE were completed, which was more 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 met this performance target in three of the last five years.

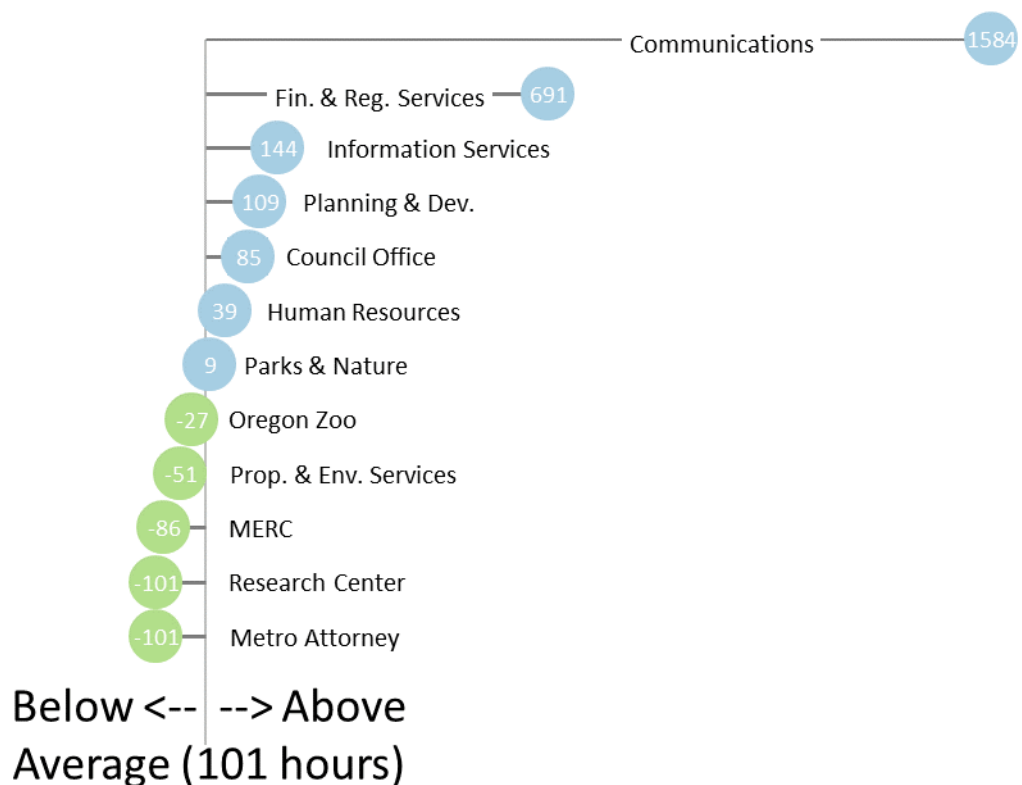


## Audit hours per department

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 101 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 aligned with 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 Communications, Finance and Regulatory Services, Information Services, Planning and Development, Council Office and Human Resources relative to their level of expenditure. Conversely, other parts of the organization such as Research Center, Metro Attorney, Metropolitan Exposition and Recreation Commission (MERC), Property and Environmental Services and Oregon Zoo had relatively few audit hours compared to their size. While some unevenness is expected, this type of analysis is one consideration when audits are placed on the schedule. This year some audits were scheduled in part to rebalance audit coverage.

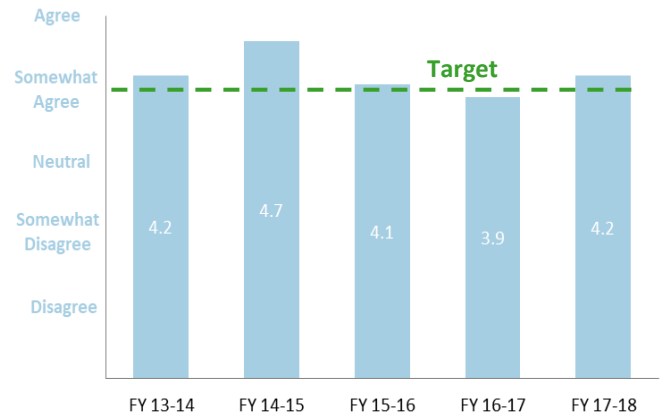
## Audit hours per \$1 million expenditure



## 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.

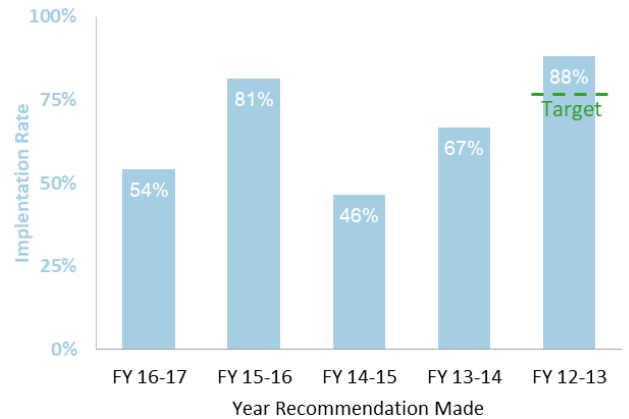
In FY 2017-18, the average level of agreement about the value of our work was 4.2 out of 5. This indicated satisfaction with our reports, staff, and process. The average number of responses per audit increased this year to seven, and our overall response rate was 59%. This indicates our online survey tool has been effective to increase the amount of feedback we receive.



## 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 that at least 75% of the recommendations will be implemented within five years was met. According to the most recent information, 88% of our recommendations were implemented for the audits released in FY 2012-13. Management reported that all of the recommendations from three audits released that year were implemented. Two recommendations for the risk management program were in process based on our follow-up audit released in April 2018. After several years of uneven implementation, the trend for this indicator is a positive sign.



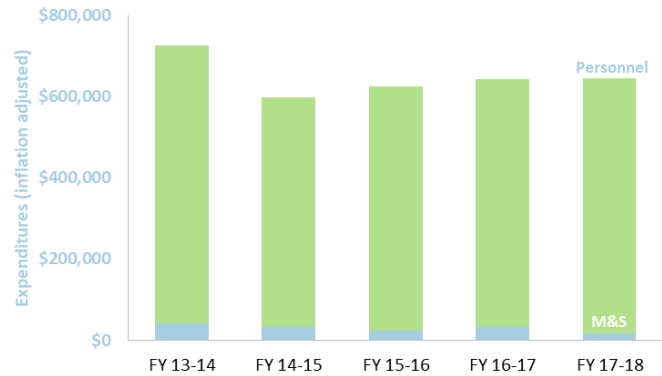
## Audit schedule

The following audits are in process or scheduled to be started in FY 2018-19. 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
Emergency Preparedness	December 2017	October 2018
Information Security/Technology	April 2018	February 2019
MWESB Procurement Follow-up	TBD	TBD
Code of Ethics	TBD	TBD
Solid Waste Service Equity	TBD	TBD
Research Center	TBD	TBD
Capital Project Planning/Asset Management Follow-ups	TBD	TBD

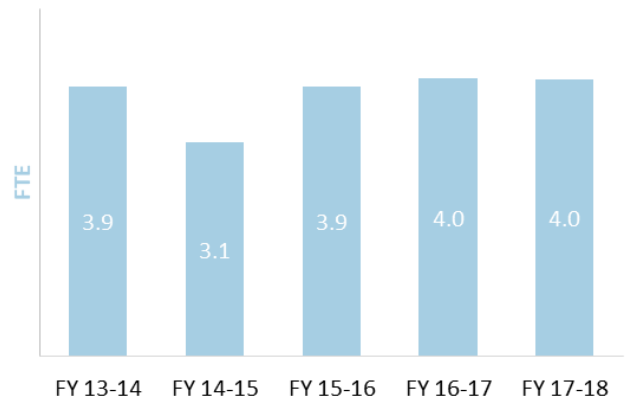
## Expenditures

Expenditures were about 1% higher than last year. This was the result of higher personnel costs, which increased by about 3%. Spending on materials and services declined compared to the previous year.



## Staffing available

This graph represents actual staff hours available. In FY 2017-18, there were 8,320 audit hours available, the equivalent of 4 FTE. This was unchanged from the previous 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 in consultation with upper management, the Metro Attorney, and the Human Resources Director. 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.

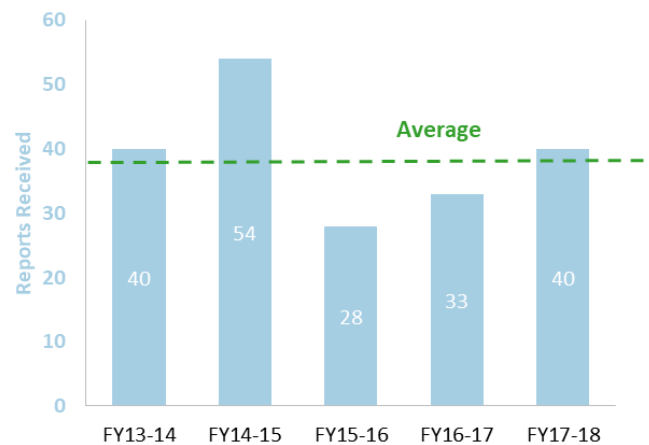
Forty reports were received in FY 2017-18. There was wide variety in the specificity and issues identified in the reports. As a result, they cannot be categorized or summarized easily. About 68% of the reports were related to the Oregon Zoo and 23% were related to other visitor venues.

Twenty-seven 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 or the issue raised was better handled through a different process.

Of the 27 reports that were successfully investigated, 11 were substantiated and 15 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 taken in 10 cases.

### Reports received

The number of Accountability Hotline reports received increased by about 21% this year. In FY 2017-18, a total of 40 reports were received. That was similar to the average number of reports (39) 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 each of the last five years.

