



Metro

Office of the Auditor
Annual Report

FY 2019-2020

Brian Evans
Metro Auditor
October 2020

Message from the Metro Auditor

Residents of the Metro region:

As the region responds to the global pandemic caused by Covid-19 and social movements demanding racial justice, the importance of transparent and accountable government has never been clearer. Performance audits provide objective and reliable information to inform the public and assist decision-makers. The Auditor's Office has been working from home since mid-March, and while the work environment has changed our commitment to providing timely and relevant information remains strong.

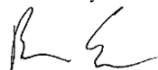
This report provides five-year trends for each of the performance measures I use to assess the efficiency and effectiveness of the Auditor's Office. Continuous improvement is a common theme in the recommendations we make in audit reports. The annual report is a chance to apply the same approach to our own efforts. I use the information to manage resources and make adjustments when needed. I hope you find it informative.

The audits we completed this year covered a variety of topics including ethics, employment agreements, criminal background checks, Metro's Research Center, and the agency's financial condition. The recommendations made in these audits identified opportunities to improve management practices to increase efficiency and effectiveness.


Although many of the in-person training events were canceled or postponed this year, our office continued to contribute to the audit profession in a number of ways. Most of that work was done through the Association of Local Government Auditors and Pacific Northwest Intergovernmental Audit Forum. We helped plan training webinars, wrote an article about auditing information technology, and served on various committees to support and improve local government auditing.


I was impressed by how employees in my office adjusted to working from home on short notice. Their dedication to getting the job done while enduring so many uncertainties is truly inspiring. Although we are not in the office, we continue to work from home to improve transparency and accountability for the public.

Sincerely,



Brian Evans
Metro Auditor

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 @MetroAuditor

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 by the Metro Charter in 1995. Prior to being elected, Brian worked in the Auditor's Office since 2008. 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*
- Nicole Pexton, *Senior Management Auditor*
- Simone Rede, CGAP, *Principal 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. Auditors attend, and also lead training on performance auditing to meet audit standards. They also participate in an annual retreat to plan our work, and enhance communication our 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
- Openmindedness
- Respecting others
- Supporting findings with fact
- Balanced perspectives
- Teamwork

Performance measures

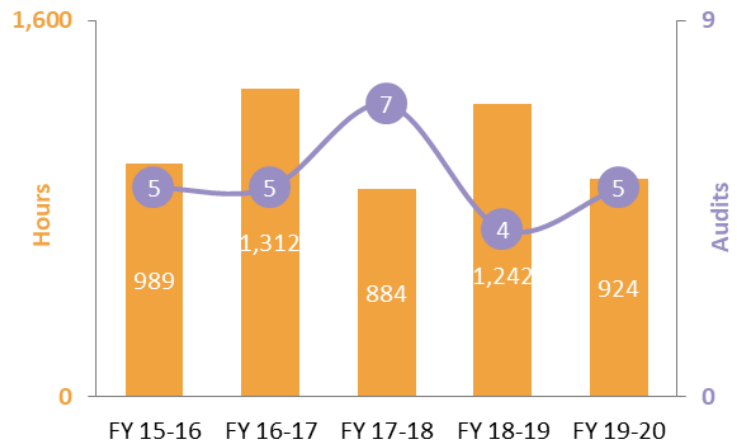
The performance of the Auditor's Office is measured by reviewing results in the following areas:

- 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
- 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 2019-20, five audits were completed. The hours required to complete each audit ranged from 200 to 2,080. The average was 924 hours.

Audits vary in length, depending on their scope and complexity. The average in FY 2019-20 was lower than last year because some audits had narrow scopes of work. This led to more audits being completed, with fewer hours devoted to each.



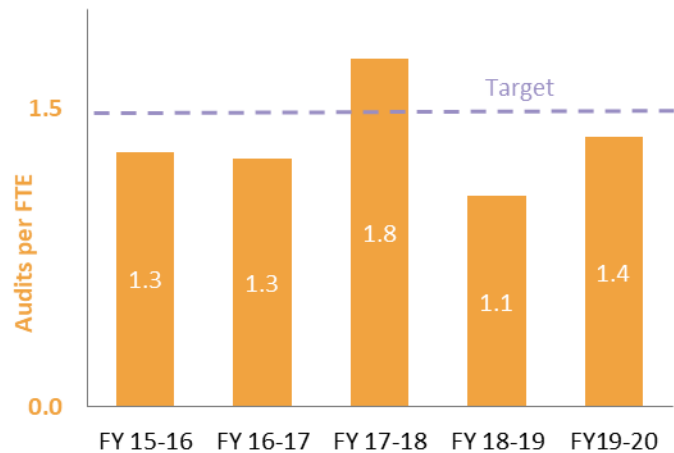
The five audit reports published in FY 2019-20 included three audits and two limited scope audits (Employment Agreements and Criminal Background Checks). A total of 30 recommendations were made. The audit reports released were:

- Code of Ethics (December 2019)
- Employment Agreements (January 2020)
- Criminal Background Checks (February 2020)
- Research Center (March 2020)
- Financial Condition of Metro: FY 2009-10 to FY 2018-19 (June 2020)

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 2019-20, 1.4 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 did not meet our performance target last year but improved compared to the previous year. Smaller scoped audits and refinements of some procedures helped increase our efficiency.

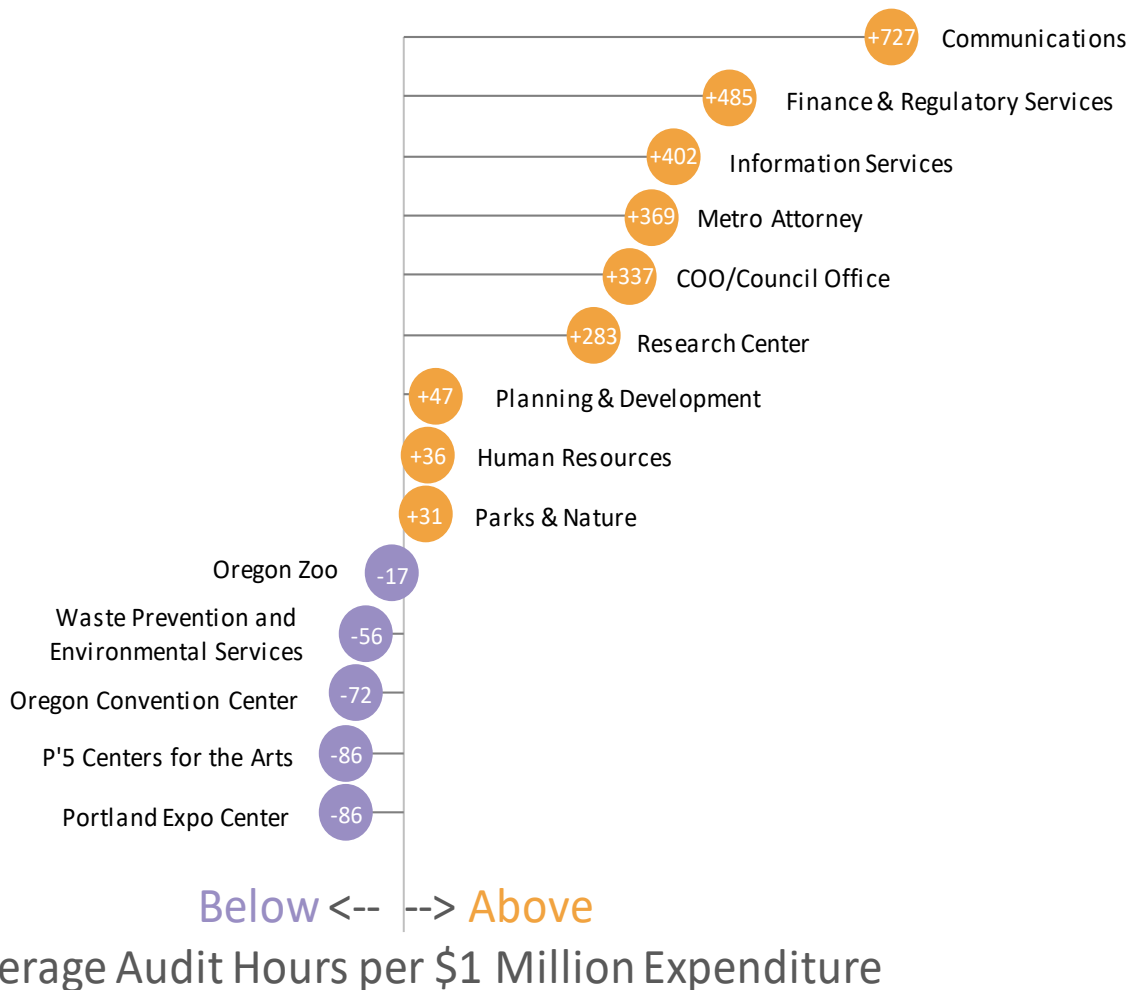


Audit hours per \$1 million expenditure, FY 2015-16 to FY 2019-20

This measure is used to evaluate 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. In the last five years, about 86 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 unevenly distributed between departments. More time was spent in Communications, Finance and Regulatory Services, Information Services, Metro Attorney, COO/Council Office, Planning and Development, and Research Center relative to their level of expenditure. Conversely, other parts of the organization such as Oregon Zoo, P'5 Centers for the Arts, and Portland Expo Center had relatively few audit hours devoted to them in the last five years. While some unevenness is expected, this type of analysis is considered when audits are placed on the schedule. This year some audits were scheduled, in part, to rebalance audit coverage.

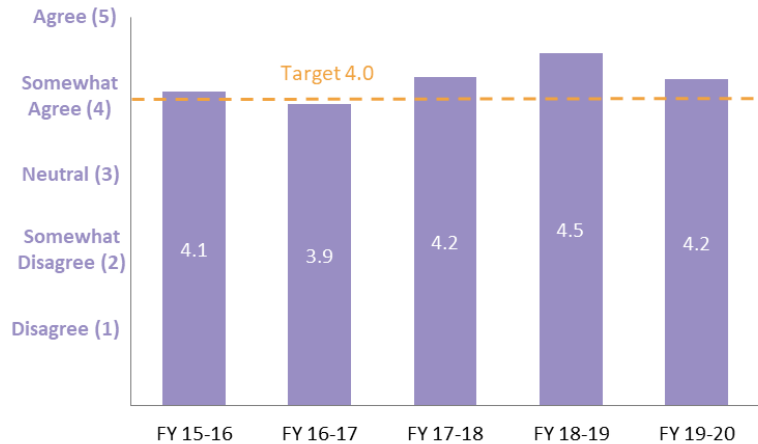
Some departments had **fewer audit hours** than expected and some had **more audit hours** than expected



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 2019-20, the average level of agreement about the value of our work was 4.2 out of 5. This exceeded the performance target. The response rate for all post-audit surveys was 48%. That was lower than recent years and may be partially caused by a delay in requesting feedback about the audits that were published as the Covid-19 pandemic became evident. We will continue to monitor the response rate to identify ways to ensure we receive feedback.

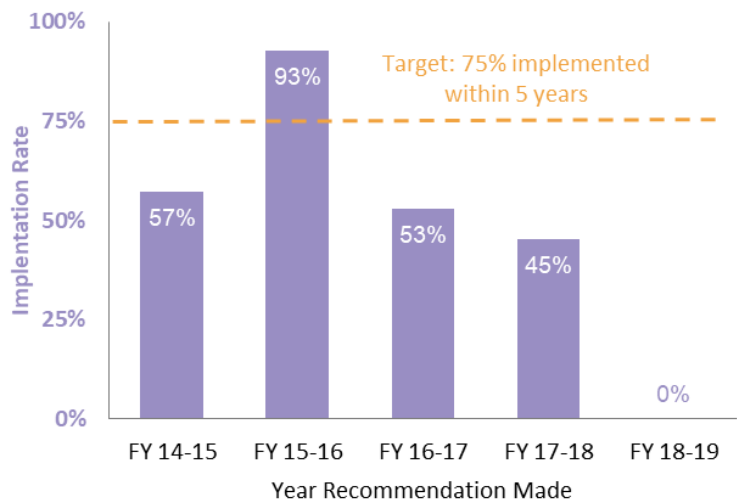


Recommendation implementation rate

The percentage of recommendations that are implemented shows how much impact audits have on the organization. Each January, 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 at least 75% of the recommendations will be implemented within five years. According to the most recent information, 57% of our recommendations were implemented for the audits released in FY 2014-15.

Management reported that all of the recommendations related to audits of the recycling hotline, disciplinary process, contract management, and budget process were implemented. Recommendations related to small asset management and budget performance measures were reported to be in process.



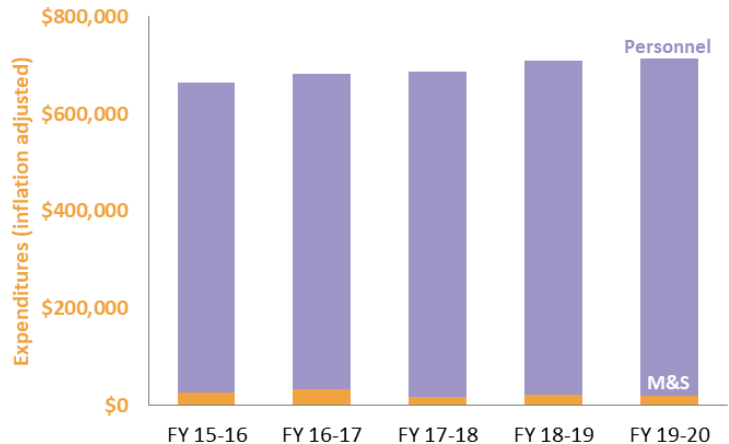
Audit schedule

The following audits are in process or scheduled to be started in FY 2020-21. 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
Affordable Housing Bond Preparedness	January 2020	November 2020
Solid Waste Service Equity	February 2020	November 2020
Supportive Housing Measure	July 2020	TBD
Diversity, Equity, and Inclusion Program	TBD	TBD
Zoo Organizational Culture Follow-up	TBD	TBD
Emergency Management Follow-up	TBD	TBD

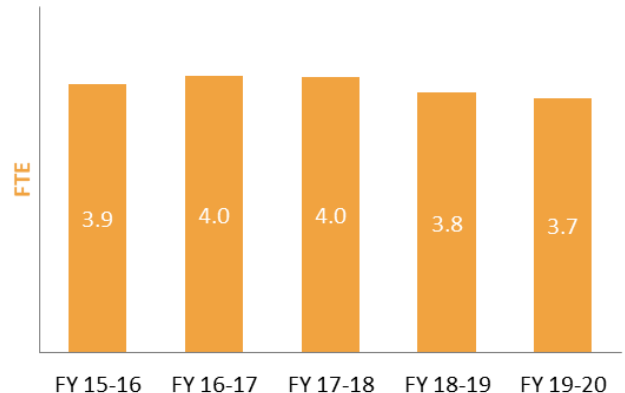
Expenditures

Expenditures increased by less than 1% over last year. This was the result of a 1% increase in personnel costs combined with an 11% decrease in spending on materials and services (M&S). Spending in both categories was reduced in April to respond to the financial impacts of Covid-19.



Staffing available

This graph represents actual staff hours available. In FY 2019-20, there were 7,680 audit hours available, the equivalent of 3.7 FTE. This was lower than the previous year due to a vacancy in one of the auditor positions during part of the year.

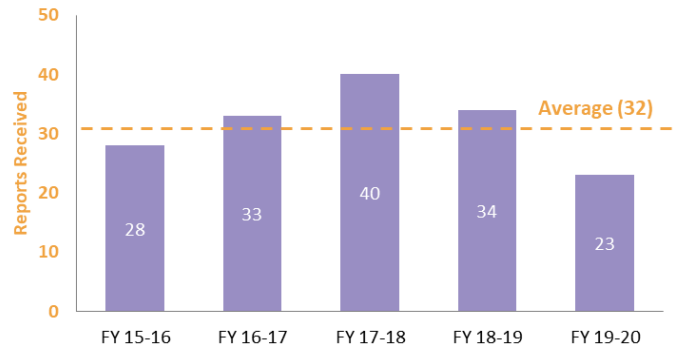


Accountability Hotline summary

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. 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 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.

Reports received

The number of Accountability Hotline reports received decreased by about 32% this year. In FY 2019-20, a total of 23 reports were received. That was lower than the average number of reports (32) that have been received over the last five years.



There was wide variation in the reports in terms of specificity and issues identified. As a result, they cannot be categorized or

summarized easily. Reports related to the Oregon Convention Center, Oregon Zoo, and P5 Centers for the Arts accounted for 74% of the reports received. Agency-wide reports and reports regarding activities at the Metro Regional Center were the next highest (13%).

Fifteen reports were successfully investigated. Eight reports were not investigated because they did not provide enough information to investigate, the incident was outside Metro's jurisdiction, or the reporter withdrew their concern.

Of the 15 reports that were successfully investigated, four were substantiated and 11 were unfounded or inaccurate. The most frequent action taken in response to a report was to provide context or additional information about what occurred to the person who reported the concern.

Corrective actions were made in response to three reports. The number of corrective actions was smaller than the number of substantiated reports. During some investigations, the concern reported was confirmed, but the cause incorrectly attributed. In other cases, the information reported was inaccurate. However, the investigation revealed something that needed to be addressed.

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 in FY 18-19 were caused by several factors. There were several complicated cases that required specialized expertise to evaluate the significance of the information reported. In addition, a new process to review reports added time. After the adjustment, the new process improved efficiency in FY 19-20.

