



Metro

Office of the Auditor
Annual Report

FY 2020-2021

Brian Evans
Metro Auditor
September 2021

Message from the Metro Auditor

Residents of the Metro region:

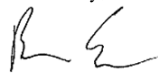
As I started to write this year's message, I was struck by the similarities to what I wrote last year. It feels like so much has changed, yet so much remains the same. The importance of transparent and accountable government remains a top priority for many of us who live in the region. The Auditor's Office continues to work from home and there are no firm dates for when we will return to the office. Regardless of our physical location, our commitment to providing timely and relevant information about Metro's programs and services is unwavering.

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.


We published three audits last year. Two focused on voter-approved measures to fund affordable housing and related services. The other assessed service equity in some of the region's garbage and recycling programs. The recommendations we made in these audits focused on ensuring promises made to voters were kept and identified ways to improve the efficiency, effectiveness, and equity in the region's solid waste and supportive housing services.

Unfortunately, Covid-19 continued to prevent in-person training events last year, but we were still able to gain from and contribute to the audit profession in a number of ways. Our article about auditing information technology was one of two articles to receive an award by the Association of Local Government Auditors. We also led a webinar sponsored by the Pacific Northwest Intergovernmental Audit Forum about evaluating equity in government services. Staying connected to the wider community of performance auditors keeps our skills sharp and prepares us to respond to emerging risks during these uncertain times.

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 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, reduce costs, and improve program performance. 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 includes the elected auditor, four management auditors, and an administrative assistant:

- Brian Evans, CIA, CGAP, *Metro Auditor*
- Tracy Evans, *Auditor's Administrative Assistant*
- Angela Owens, CFE, CAPM, *Principal Management Auditor*
- Nicole Pexton, *Senior Management Auditor*
- Simone Rede, CIA, 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 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.

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

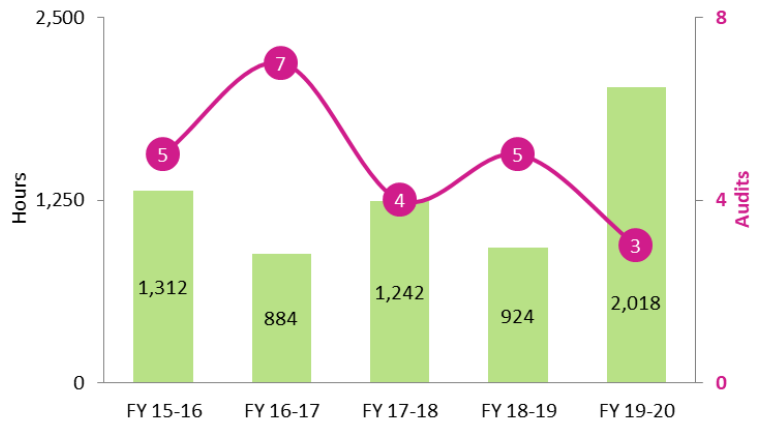
The performance of the Auditor's Office is measured by reviewing results in the following areas:

- 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 2020-21, three audits were completed. The hours required to complete each audit ranged from 664 to 3,345. The average was 2,018 hours.

Audits vary in length, depending on their scope and complexity. Average audit hours in FY 2020-21 were higher than last year due to two audits that had broad scopes of work. This led to fewer audits being completed, but with more hours devoted to each.



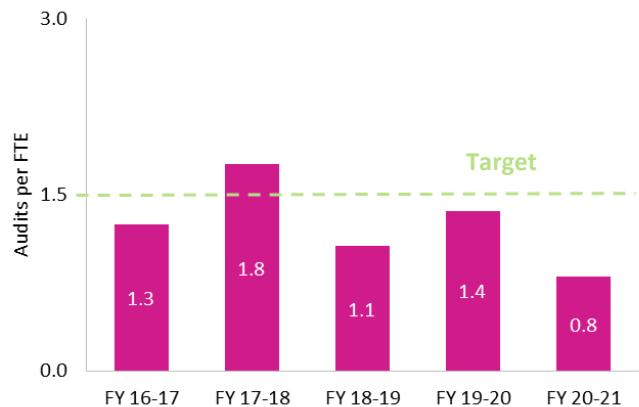
The three audit reports published in FY 2020-21 included two full audits and one audit with a limited scope (Supportive Housing Services). A total of 25 recommendations were made. The audit reports released were:

- Affordable Housing Bond (January 2021)
- Solid Waste Service Equity (March 2021)
- Supportive Housing Services (May 2021)

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 2020-21, 0.8 audits per FTE employee 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 employee each year. We did not meet our performance target last year. Reduced staff schedules and the timing of audits were two contributing causes. Smaller scoped audits and refining of some of our procedures should help improve our efficiency in the coming year.

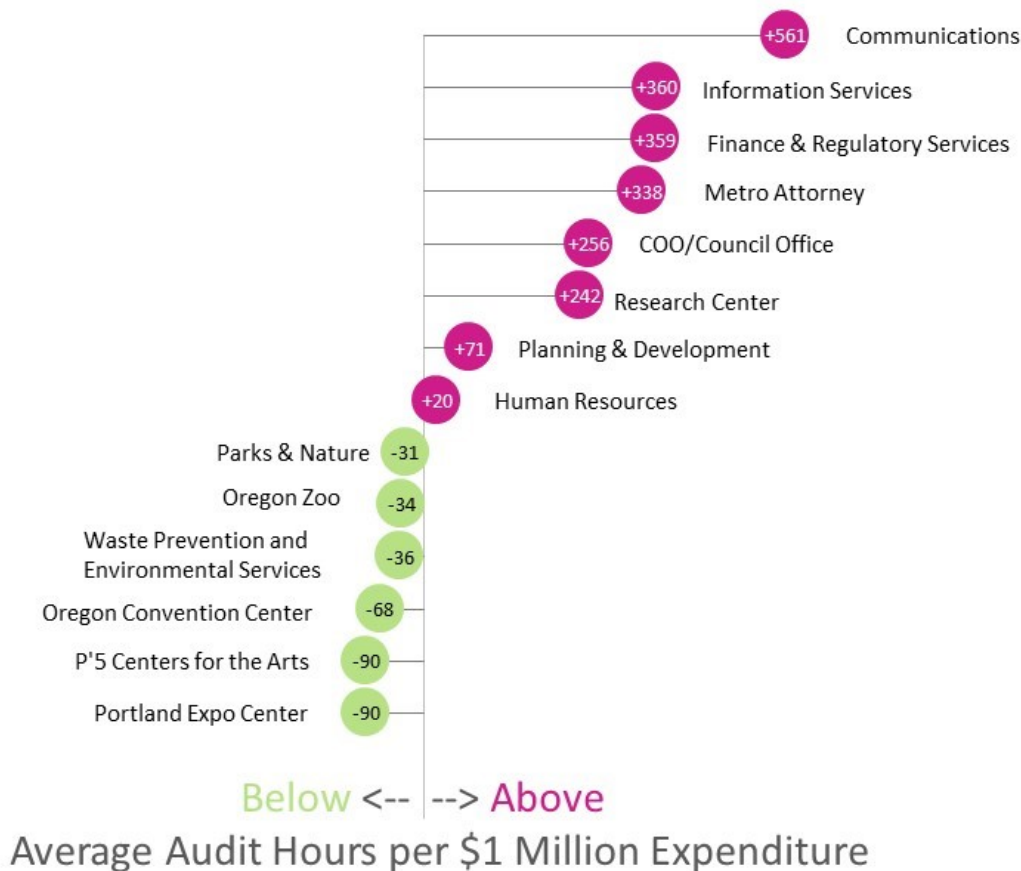


Audit hours by department

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. In the last five years, about 90 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 Communications, Information Services, Finance and Regulatory Services, Metro Attorney, COO/Council Office, Research Center, Planning and Development, and Human Resources relative to their level of expenditure. In contrast, relatively less time was spent in other parts of the organization such as Parks and Nature, Oregon Zoo, Waste Prevention and Environmental Services, Oregon Convention Center, P’5 Centers for the Arts, and Expo Center. While some unevenness is expected, this type of analysis is considered when developing the audit schedule. This year’s audit schedule includes topics that will help rebalance audit coverage.

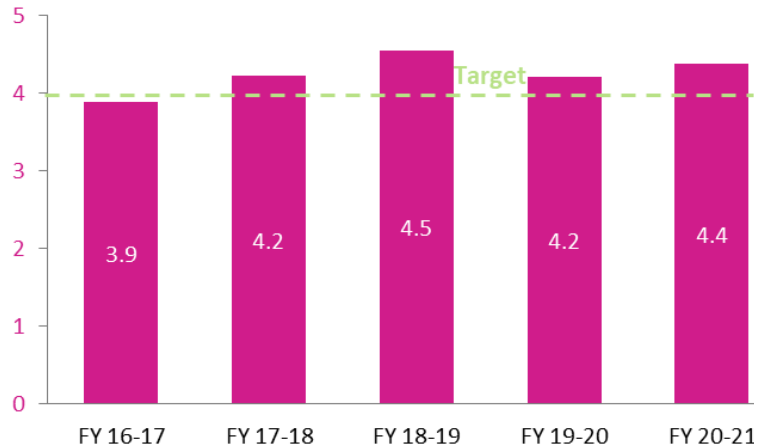
Some departments had **fewer audit hours** than expected and some had **more audit hours** than expected



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.

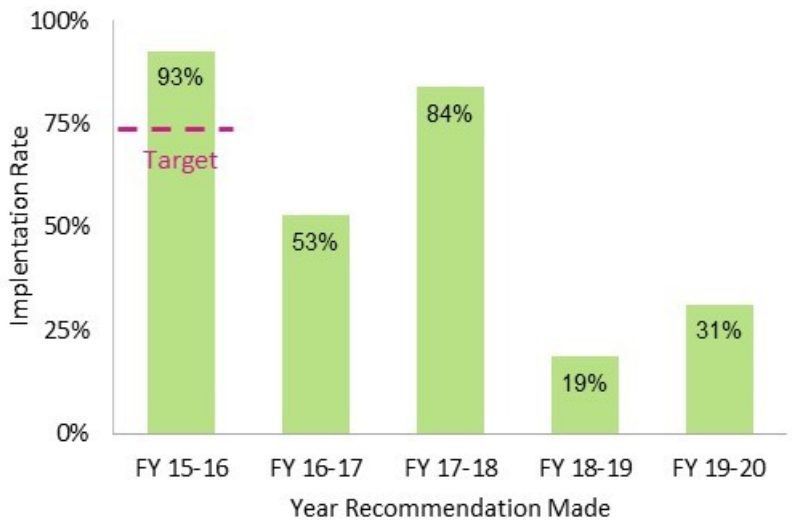
In FY 2020-21, the average level of agreement about the value of our work was 4.4 out of 5. This exceeded our performance target and indicated satisfaction with our reports, staff, and overall process. The response rate for all post-audit surveys was 16%. That was lower than recent years and indicates a need to ensure more feedback is received. We will try new strategies in the coming year to increase the response rate.



Recommendation implementation rate

The percentage of recommendations 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 the conclusions from any follow-up audits we've completed, is used to track the percentage of recommendations implemented after an audit is released.

Our performance target is at least 75% of the recommendations will be implemented within five years. According to the most recent information, 93% of our recommendations were implemented for the audits released in FY 2015-16. Exceeding the performance target shows that management has taken sufficient action to address the risks identified in our audit reports.



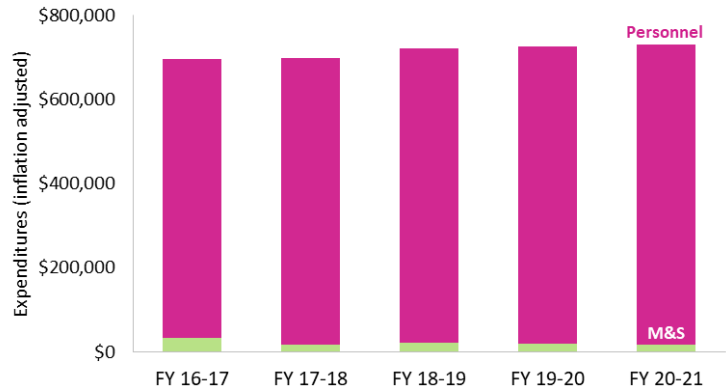
Audit schedule

The following audits are in process or scheduled to be started in FY 2021-22. 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
Diversity, Equity, and Inclusion Program	January 2021	October 2021
Emergency Management Follow-up	February 2021	October 2021
Surplus Property	TBD	TBD
Natural Areas Program	TBD	TBD
P5 Centers for the Arts Intergovernmental Agreements	TBD	TBD
Financial Condition of Metro FY2011-12 to 2020-21	TBD	TBD

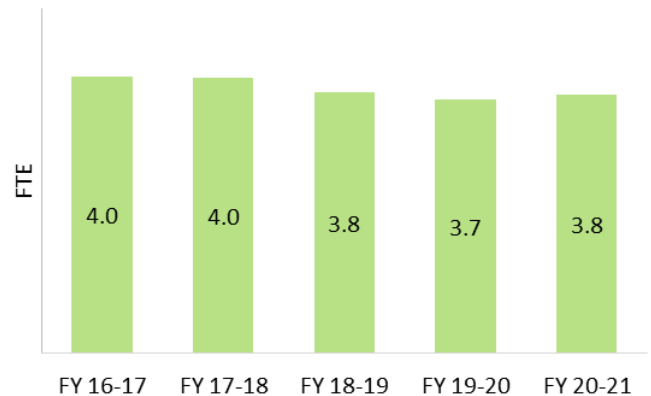
Expenditures

Expenditures in FY2020-21 rose by just under 1% compared to the previous year. This was the result of a 1% increase in personnel costs combined with a 6% decrease in spending on materials and services. Spending was reduced for a second consecutive year to respond to the financial impacts of Covid-19.



Staffing available

This graph represents actual staff hours available. In FY 2020-21, there were 7,838 audit hours available, or 3.8 full-time equivalent (FTE) employees. Over the last three years, staffing has been slightly below the full budgeted level. Last year this was caused by schedule reductions to respond to the financial constraints from Covid-19.



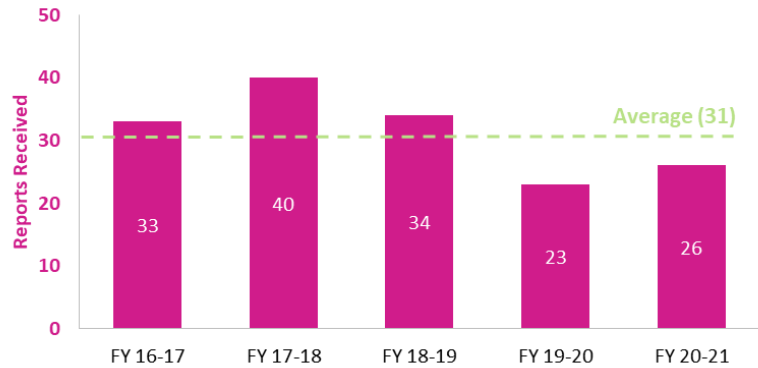
Accountability Hotline summary

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 upper management, the Metro Attorney, or Human Resources 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 increased by about 13% last year. In FY 2020-21, a total of 26 reports were received. That was lower than the average number of reports (31) received over the last five-years.

The reports 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 solid waste operations accounted for 73%. Agency-wide reports and reports about Metro's headquarters were the next highest at 12% each.



Eighteen 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. Three reports were still in process at the time of this publication.

Of the 18 reports that were successfully investigated, four 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 six reports. The number of corrective actions exceeded the number of substantiated reports because some reports contained unsubstantiated allegations, but their investigations revealed something that needed to be addressed.

Average days to close a case

According to the latest benchmark data from the hotline provider, cases are typically resolved in about 40 days on average. To be responsive to the person reporting, the Auditor's Office uses the average days to close a case to assess performance. The performance target was not met last year. Longer close times in FY 2020-21 were caused by several factors. There were several reports made about similar issues and the investigations

required more time due to their complexity. Close times will be an area of focus this year. An additional year of data will help determine if the upward spike is an outlier arising from Covid-19, or a longer-term trend that needs to be addressed through process improvements.

