



Metro

Office of the Auditor
Annual Report

FY 2023-2024

Brian Evans
Metro Auditor
September 2024

Message from the Metro Auditor

Residents of the Metro region:

It's an honor and privilege to serve as your Metro Auditor. The Auditor's Office focuses on the transparency and accountability of Metro's programs and services. We provide objective and independent analysis about your regional government.

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

Last fiscal year (July 1, 2023 to June 30, 2024) we published five performance audits. Two focused on housing programs. We also evaluated operations at solid waste and recycling transfer stations. The other two audits were related to Metro's financial condition and policies for renewing and replacing capital assets. 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, the office attended the Association of Local Government Auditors annual conference in Seattle, Washington. I helped plan the general sessions and workshops for the conference. It was great to connect with other auditors and learn about innovative audit work. At the conference we received an award for an article we wrote about auditing environmental issues.


Lastly, I want to thank Tram Anh Hoang the Hatfield Resident Fellow who worked in our office last year. She made great contributions to the renewal and replacement audit and I appreciated her service to the region. Unfortunately, she relocated to the east coast so was not able to continue with us. However, the fellowship program proved to be a promising way to identify potential future auditors.

If you have ideas for future audit topics or want to learn more about our work, don't hesitate to contact our office.

Take care,



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Metro Auditor

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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 responsibility of the office and follow Government Auditing Standards. Our audits provide independent and objective information to the public. Audit recommendations are designed to help management and the Metro Council improve program performance, reduce costs, and make informed decisions. The office also manages the contract for the annual financial audit and administers the Accountability Hotline where you 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 as a staff auditor in the office and as an economist with Oregon's economic and community development department. The office includes the elected auditor, four management auditors, and an administrative assistant. For FY 2024-25, the office also includes two Hatfield Resident fellows (Gabby Poccia and Annie Price).

- Brian Evans, CIA, CGAP, *Metro Auditor*
- Angela Owens, CIA, CFE, CAPM, *Principal Management Auditor*
- David Beller, *Senior Management Auditor*
- Maggie Muldrew, *Senior Management Auditor*
- Paoa Wandke, *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 lead training on performance auditing topics to meet the requirement. They also participate in an annual retreat to plan audit 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 monitors performance using these data points

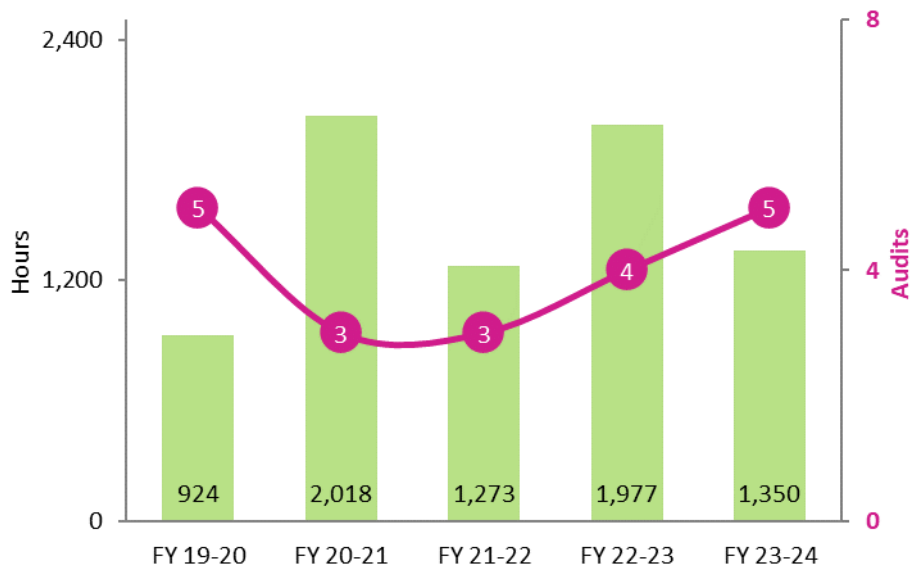
- Average hours to complete an audit and number of audits completed
- Number of audits completed per full time equivalent (FTE) employee
- Audit hours per department
- Auditee feedback
- Recommendation implementation rate
- Average days to close cases reported to the Accountability Hotline

Average audit hours and number of audits

Average audit hours and the number of audits completed measure the office's efficiency. In FY 2023-24, five audits were completed. The hours required to complete each audit ranged from 150 to 2,393. The average was 1,350 hours.

Audits vary in length depending on their scope and complexity. The average in FY 2023-24 was lower than the previous year due to one audit with a narrow scope of work and one audit with a broad scope of work. The other three audits were very close to the typical number of hours (1,200).

Exhibit 1: The number of audits completed increased and the average hours to complete each was closer to the typical number (1,200).



The five audit reports published in FY 2023-24 included a total of 56 recommendations. The audit reports released were:

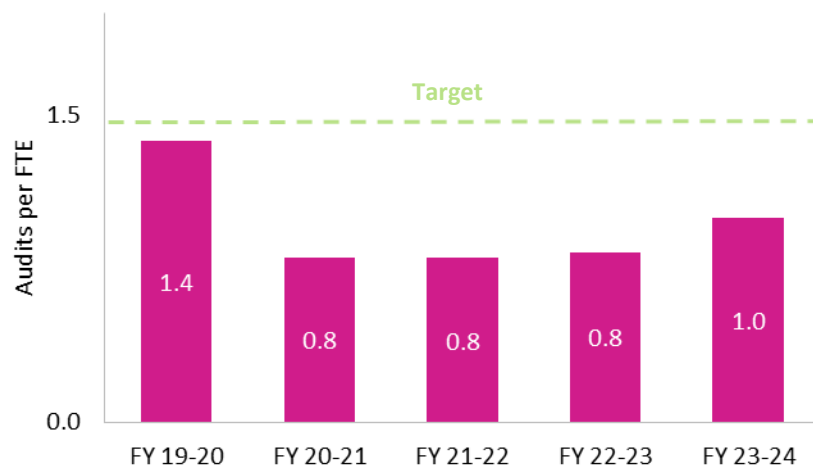
- Transfer Station Operating Controls (September 2023)
- Affordable Housing Bond (November 2023)
- Supportive Housing Services (January 2024)
- Renewal and Replacement (May 2024)
- Financial Condition of Metro: FY 2013-14 to FY 2022-23 (June 2023)

Audits per Full-Time Equivalent Employee

Another way to measure efficiency is by looking at the number of audits completed per full-time equivalent (FTE) employee. In FY 2023-24, one audit per FTE was completed, which was an improvement compared to the previous year. Available staff hours and the scope of each audit determines what can be completed each year. The length is affected by the complexity of the subject and size of the program being reviewed.

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. Stable staffing should help improve efficiency in the coming year.

Exhibit 2: The number of audits completed per full-time equivalent employee increased but was still below the target.



Audit hours by department

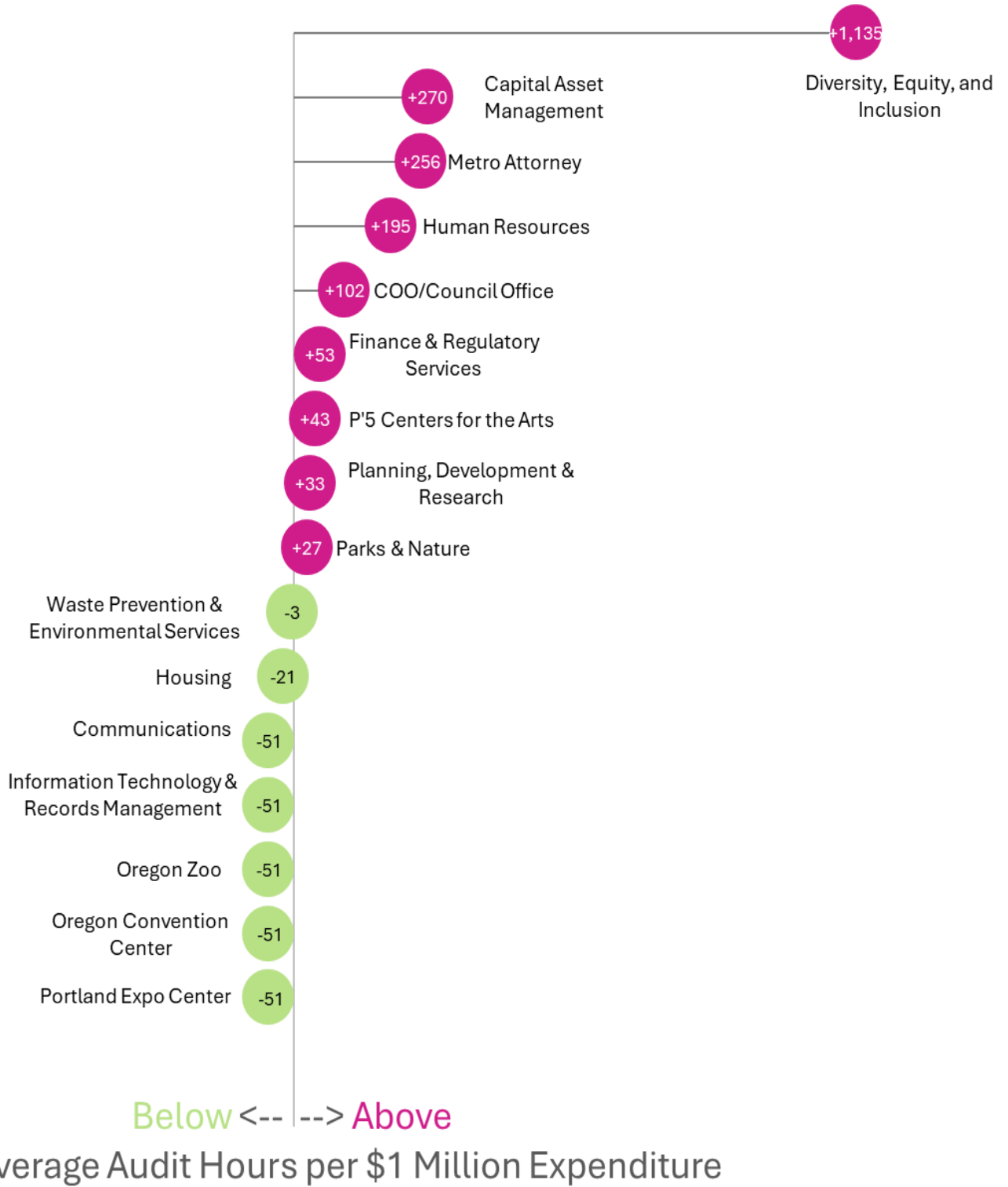
This measure is used to evaluate the office's effectiveness by showing how audit hours were distributed among departments and venues. It is calculated by dividing the total audit hours spent in each organizational unit by the department's or venue's annual expenditures.

In the last five years, about 51 audit hours were available for each \$1 million spent annually. If our office was able to provide equal coverage, each department and venue would be at the average line. In reality, more time is spent in some areas 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 and venues when considering their expenditures. More time was spent in Diversity, Equity, and Inclusion; Capital Asset Management; Metro Attorney; Human Resources; COO/Council Office; Finance and Regulatory Services; P'5 Centers for the Arts; Planning, Development and Research; and Parks and Nature relative to their level of expenditure.

In contrast, relatively less time was spent in other parts of the organization such as Waste Prevention and Environmental Services; Housing; Communications; Information Technology and Records Management; Oregon Zoo; Oregon Convention Center; and Portland Expo Center. The FY 2024-25 schedule includes audits in three of these parts of Metro that will help rebalance audit coverage.

Exhibit 3: Audit hours were unevenly distributed between organizational units. Audits in FY 2024-25 will help rebalance.



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.

Exhibit 4: The target for the quality of work was met.



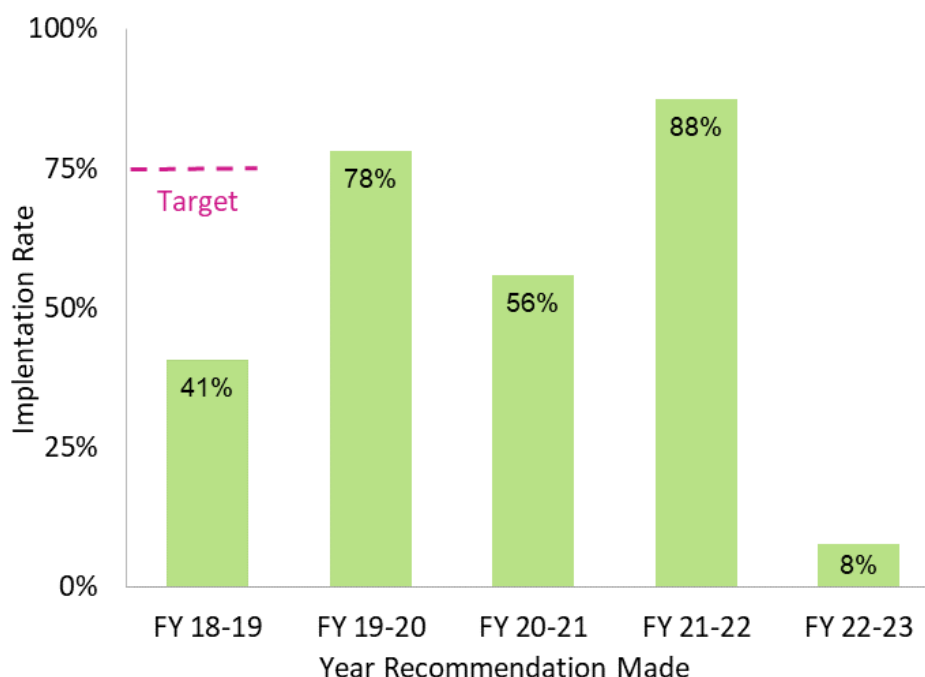
In FY 2023-24, the average level of agreement about the value of our work was 4.2 out of 5. This exceeded our performance target and indicated satisfaction with our reports, staff, and overall process. The response rate for all post-audit surveys in FY 2023-24 was 39%. That was about the same as the previous year and slightly higher than the average over the last five years (35%). Making it as easy as possible to provide feedback will continue to be a focus this year.

Recommendation implementation rate

The percentage of recommendations implemented shows the 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 completed, is used to track the percent of recommendations implemented.

The target is for 75% of recommendations to be implemented within five years. The most recent information showed 41% of our recommendations from five years ago were implemented. This was caused by the low implementation rate we found in a follow-up audit of FY 2018-19's emergency management recommendations.

Exhibit 5: Only 41% of the recommendations made five years ago were implemented, which was below the target.



Audit schedule

The following audits are in process or scheduled to start in FY 2024-25. These topics were selected based on input from Metro Council, department and venue management, audit staff, and the public. We also conduct a risk assessment to identify timely topics.

Audit Title	Start	Expected Completion
First Opportunity Target Area	July 2024	TBD
Research Center Follow-up	August 2024	TBD
Information Technology	August 2024	TBD
Transparent and Accountable Governance	September 2024	TBD
Zoo Bond Implementation	TBD	TBD
Supportive Housing Services	TBD	TBD
Capital Project Management	TBD	TBD

Expenditures

Audit expenditures in FY 2023-24 rose by about 10% compared to the previous year. This was the result of a 6% increase in personnel costs. Materials and services (M&S) expenditures grew faster but still only accounted for about 7% of the total. Increased M&S costs resulted from more in person training events that required travel, and the Hatfield Resident Fellow contract to build the pipeline of potential future auditors.

Exhibit 6: Audit expenditures were almost entirely for personnel.



Staffing available

This graph represents actual staff hours available. In FY 2023-24, there were about 13,800 audit hours available, or five full-time equivalent employees (FTE). The increase in FY 2022-23 was the result of a new FTE approved by Council in November 2022.

Exhibit 7: Staffing in the Auditor's Office reached its highest level in the five years.



Accountability Hotline summary

The Accountability Hotline gives employees and the public a way to report fraud, waste, inefficiency, or abuse. 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 or venue 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

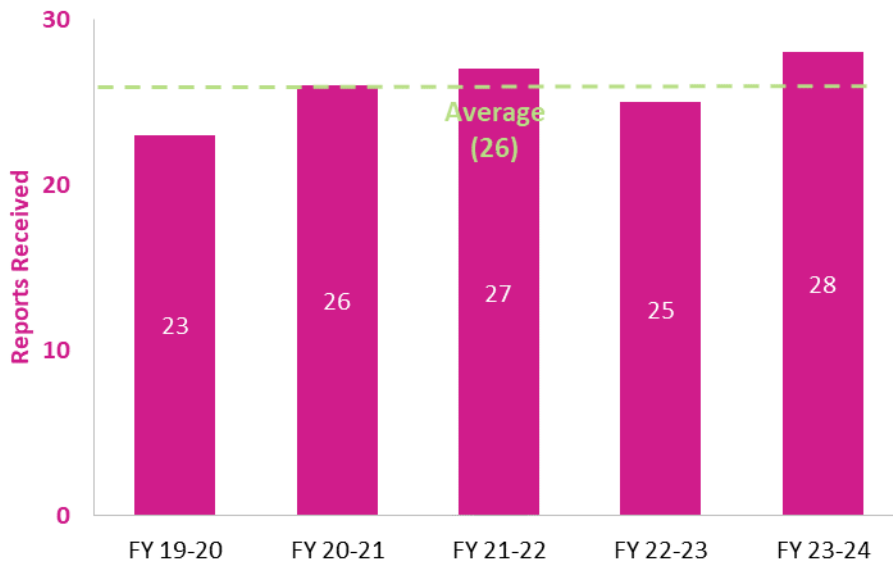
In FY 2023-24, a total of 28 reports were received. That was slightly higher than the average number of reports (26) received over the last five-years, and the highest total during that time.

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 venues (Oregon Convention Center, Portland's 5 Centers for the Arts, and Portland Expo Center) that make up the Metropolitan Recreation and Exposition Commission (MERC) were the most frequent at 36%. That was followed closely by agency-wide concerns at 32%. Oregon Zoo (18%) and regional parks (11%) made up most of the other reports. One report was made about solid waste and recycling.

Twenty reports were successfully investigated. Eight reports were not investigated because they were out of Metro's jurisdiction, did not provide enough information to investigate, or were unfounded.

Of the 20 reports that were successfully investigated, seven were substantiated and 13 were unfounded or inaccurate. The most frequent action taken 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.

Exhibit 8: The number of hotline reports was at it highest level in the last five years.



Average days to close a case

The Metro Auditor uses the average days to close a case to assess performance. According to 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 factors. There were several reports made about similar issues and the investigations took more time due to their complexity. Closure times have met the performance target in each of the last three years. This appears to be the result of Human Resources hiring a dedicated investigator to address personnel concerns.

Exhibit 9: The average time it took to resolve hotline cases met the target.

