



Office of the Auditor  
**Annual Report**  
FY 2012-13

Suzanne Flynn, Auditor  
October 2013

## Office responsibilities and staff

### Purpose

The purpose of the Metro Auditor’s Office is to ensure that Metro operations comply with laws and regulations, assets are safeguarded and services are delivered effectively and efficiently. The Office achieves this by conducting performance audits. Performance audits provide objective analysis so that management and the Metro Council can use the information to improve program performance, reduce costs, facilitate decision-making and contribute to public accountability. The office also administers the contract with the external auditor and manages the ethics reporting hotline.

### Communication and transparency

Additionally, the Office provides transparency in government. Audit reports give the Council and public a better understanding of Metro operations. 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. Audit reports are published on the Metro Auditor’s web page and the media are notified.

The Office includes the elected Auditor, four staff auditors and an administrative assistant:

- Suzanne Flynn, *Metro Auditor*
- Brian Evans, *Principal Management Auditor*
- Mary Hull Caballero, *Principal Management Auditor*
- Kathryn Nichols, *Senior Management Auditor*
- Angela Owens, *Senior Management Auditor*
- Lisa Braun, *Administrative Assistant*

## Performance measures

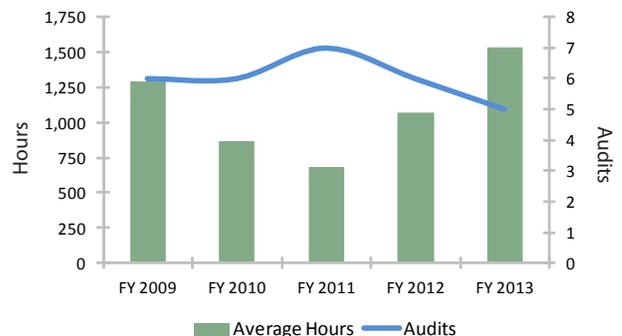
The Audit Office’s performance is measured by reviewing results in the following areas:

- Average hours to complete an audit and number of audits completed each fiscal year
- Total auditor hours per department
- Audits completed per full time equivalent (FTE) employee
- Audit recommendation implementation rate within five years after completion of an audit

### Average hours per audit and number of audits

Audits vary in length, depending on their scope and complexity. In FY 2012-13, five audits were completed. The hours required to complete those audits ranged from 56 to 5,324 hours and averaged 1,499 hours.

The average time to complete an audit in FY 2012-13 was higher than other years due to the complexity of an audit completed in that year.



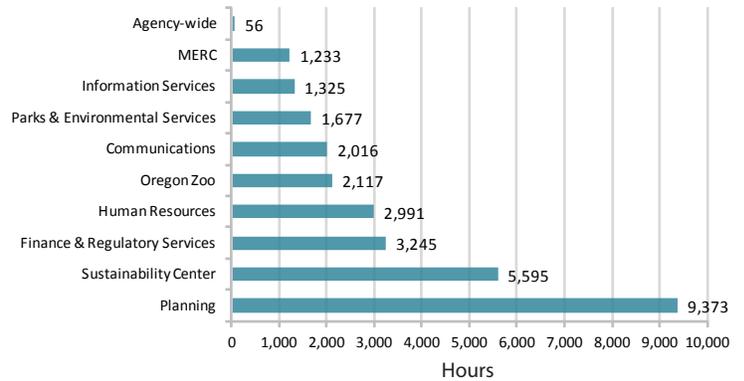
## Audit hours by department

*FY 2008-09 to FY 2012-13*

One consideration when audits are placed on the audit schedule is the number of audit hours spent in a department in past years. Other criteria are:

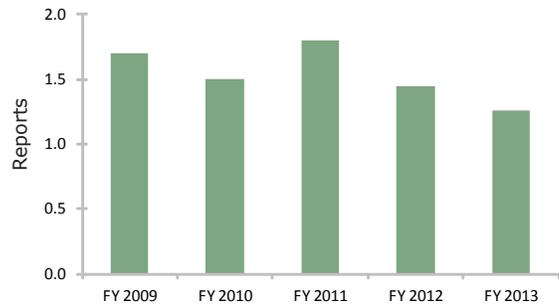
- Potential for savings or improvement
- Interest of Council or public
- Potential for loss

Some programs are more complicated and require more hours to audit. The office also may spend more audit hours in larger departments, as there are more programs to audit.



## Audits per FTE

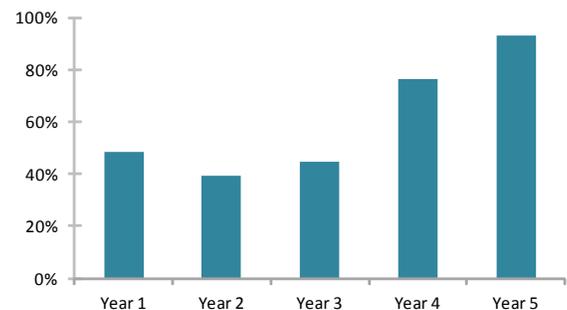
Staff hours available and the audit focus determine the number of audits that can be completed each year. The length of time to complete an audit is affected by the complexity of the subject and size of the program. In FY 2012-13, 1.3 audits per FTE were completed, down from 1.5 the prior year. This downward trend in the past two years was due to a highly complex and detailed audit conducted over that time period.



## Recommendation implementation rate (1-5 years after audit issued)

The office surveys program managers annually to report on the status of recommendations. That data is used to track the percent of recommendations reported as implemented from one to five years after the audit was issued. Implementation rates are adjusted after the Office completes a follow-up audit.

A positive trend would show the percentage increasing as time from audit completion increases. According to the most recent survey, 93% of recommendations from audits completed five years earlier were implemented.



## Audits released

The office completed five audit reports in FY 2012-13, which included four full audits and one follow-up audit. There were a total of 17 recommendations made. The audit reports released were entitled:

- Ethics Line Case 66 (July 2012) *Auditor: Flynn*
- Span of Control (November 2012) *Auditor: Evans*
- Risk Management (January 2013) *Auditor: Anderson*
- Payroll & Benefits Follow-up Audit (May 2013) *Auditor: Evans*
- Tracking Transportation Project Outcomes (June 2013) *Audit team: Hull Caballero, Lieber, Callero*

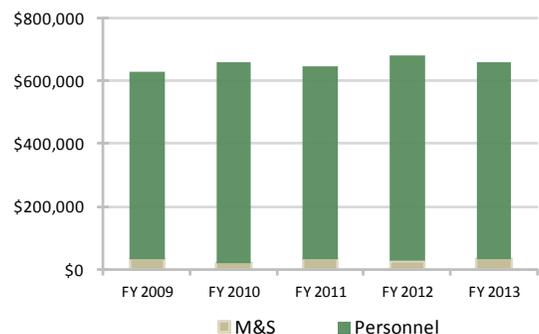
## Audit schedule, FY 2013-14

The following audit schedule reflects audits to be completed this fiscal year.

Audit Title	Start Date	Actual/Estimated Completion Date
IT Software Controls Follow-up Audit	1/24/2013	7/24/2013
Organics Waste Program	10/23/2012	October 2013
Blue Lake Visitors' Experience	5/16/2013	<i>suspended</i>
Opt in/Public Engagement Follow-up Audit	7/16/2013	TBD
MWESB Procurement	8/13/2013	TBD
Asset Management	TBD	TBD
Recycling Hotline	TBD	TBD

## Expenditure (adjusted for inflation)

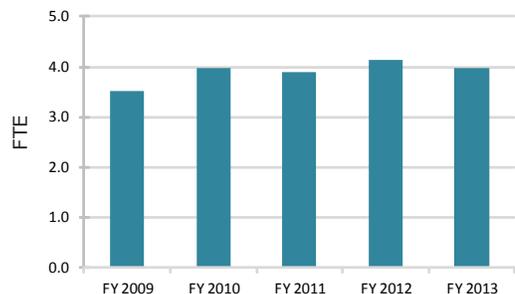
Expenditures were mostly unchanged from last year. Spending on materials and services accounted for 4.8% of the total, up from 3.7% in FY 2011-12. This increase was due to expenses incurred for a Peer Review completed by an outside team.



## Staffing available

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This graph represents actual audit staff hours available. In FY 2012-13, there were 8,031 staff hours available, the equivalent of 3.96 FTE. This was a slight decrease from last year, due to staffing changes.



## Peer Review

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An external audit team conducted a Peer Review in December 2012. They reviewed audits released during the time period December 2009 through October 2012 and determined the Metro Auditor's Office fully complied with Generally Accepted Government Auditing Standards. The next peer review will be in 2015.

## Award-winning audit

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The Office of the Metro Auditor was the recipient of the 2012 Gold Knighton Award for best audit in the Small Shop category. The audit winning the award was titled "*Metro's Natural Areas: Maintenance strategy needed.*" Each year, the Association of Local Government Auditors presents awards for audit excellence. Since 2000, the office has won a total of eleven awards from the Association.

## 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, effectiveness and quality of Metro services and activities.*

### We do this by:

- *Conducting independent and objective audits, and*
- *Reporting our findings and recommendations.*

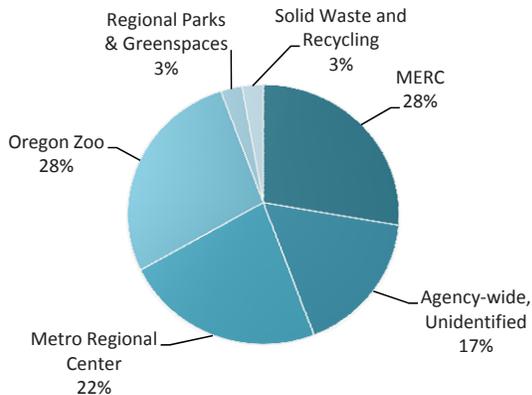
It is our vision to be relevant and efficient, choosing the right areas to audit and completing audits quickly so that Metro can continually improve its services and be accountable to the public.

### Values:

- *Professionalism*
- *Wise and equitable use of resources*
- *Supporting findings with fact*
- *Balanced perspectives*
- *Ethical behavior*
- *Being open minded*
- *Respecting others*
- *Credibility*

## Ethics Line summary

The Ethics Line gives employees and citizens an avenue to report misconduct, waste or misuse of resources. The Metro Auditor administers the Ethics Line in consultation with a steering committee comprised of key Metro management.



### Location of occurrence

*FY 2008-09 to FY 2012-13*

Ethics line reporters are able to identify the department or program where the incident occurred. A five-year summary of reporting areas are shown in this chart.

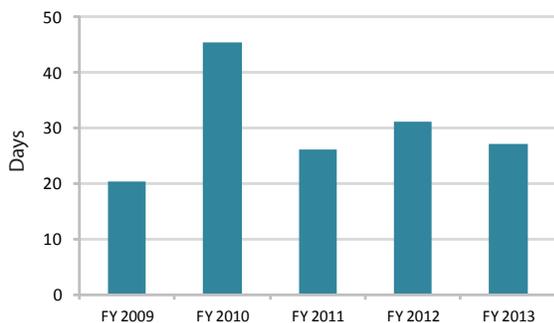
### Results

*FY 2008-09 to FY 2012-13*

As new cases are received, they are usually assigned to Metro management to investigate. At any time, the Auditor can also initiate an independent audit. The results of the investigation are posted on the Ethics Line system for the complainant to view. Any audit conducted is published on the Auditor's web site.

In the past five years, 72 reports have been received. Of the 62 cases investigated, 35 were unfounded. The actions taken in the other cases ranged from conducting an audit to no action taken, except to communicate information to the reporter.

Not investigated - Inadequate information	3
Not investigated - Out of jurisdiction	5
Successfully investigated	62
Withdrawn by reporter	2
<b>Total</b>	<b>72</b>



### Average days to close

The number of ethics line cases received each year varied. The highest number to date was 23 reports in FY 2009-10. According to best practices, cases should be resolved in 30 days or less to be responsive to the person reporting. Since FY 2010-11, this standard has mostly been met.